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Independent analysis of politics and government

The Wilson legacy

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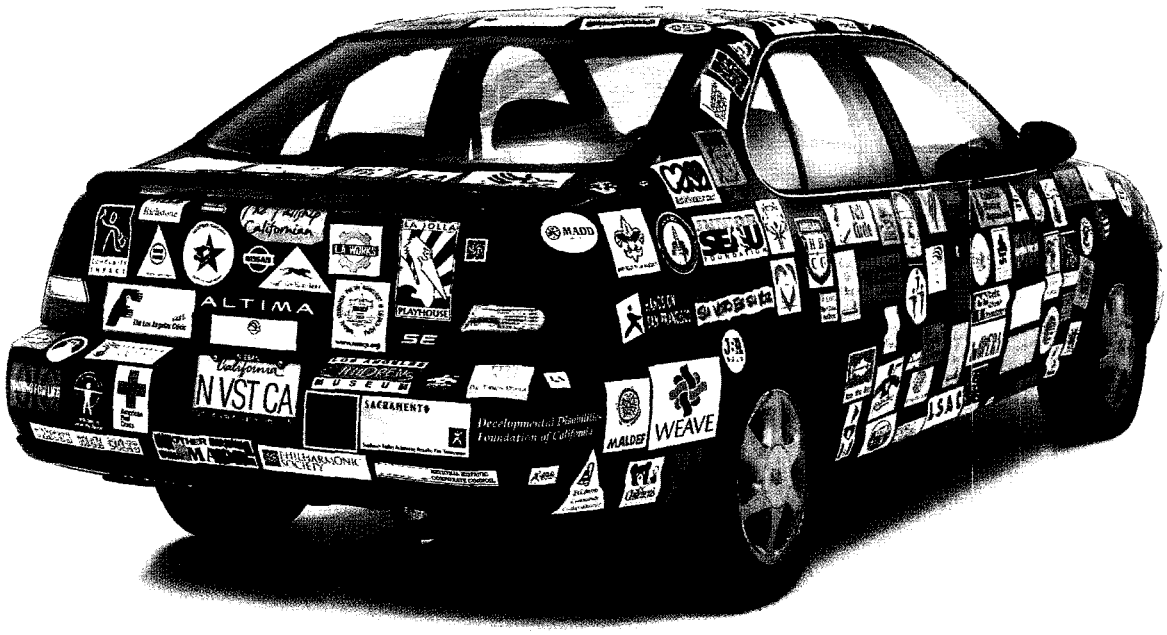

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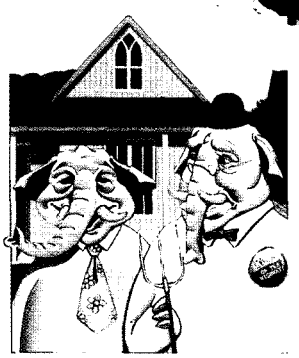

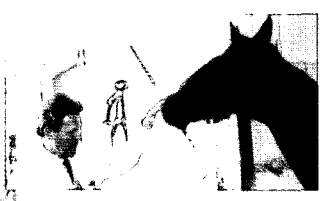

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Upfront umbrage

He's back. Two years ago at this time, Ward Connerly was front and center in the biggest political battle of the year in California, as the front man for Proposition 209, which banned affirmative action. Now Connerly is taking his fight north of the border, actively campaigning for passage of a 209 clone in Washington state. Connerly's group, the American Civil Rights Coalition, has pumped more than $500,000 into the effort. Though not as visible as he was two years ago, Connerly himself has been a force in the campaign. That involvement has opened the way for opponents to try a new campaign tack — California bashing. "No" forces have run full-page media ads deriding the initiative (Initiative 200) as a "made in California" law — a pitch sure to resonate in a state where ragging on California is considered an act of patriotism. But Connerly sees the effort as a test case for the future of his crusade to dump affirmative action. "If it is rejected, the battle is likely to continue more in the courts," he said. But California Republicans fearing the loss of their most prominent African American spokesman should take heart. Connerly is also putting in a few hours as finance director of the state Republican Party. "For good or bad, if I call and say, 'This is Ward Connerly calling,' they will take my call."

Payback Time: Everyone knows an elephant never forgets, but it seems pretty clear that certain donkeys have pretty good memories as well. In the course of announcing a new round of endorsements, GOP treasurer candidate Curt Pringle let it be known that an October 1 fund raiser had a special name on the host committee — June Roberti. As in the wife of former Democratic Senate President pro Tempore David Roberti. How did she get there? Well, cast your mind back four years ago. Roberti vs. Phil Angelides in the Democratic treasurer primary. Angelides hit Roberti with one of the nastier political spots in recent memory, suggesting Roberti, an opponent of abortion rights, had condoned the murder of a Pensacola, Florida, doctor who performed abortions. Angelides probably would have beaten the underfunded Roberti without the hit, but the attack severely backfired among many Democratic faithful, and Angelides wound up losing to Matt Fong despite substantially outspending him. Angelides is running for treasurer again this year. Against Pringle. You figure it out. As of this writing, Roberti himself hadn't formally endorsed Pringle, but Pringle says he has offered "help." Another seminar in Politics 101 — what goes around comes around.

> "When there is money in an election, it's always in doubt."
>
> — Will Rogers

Correction

The story on the state Controller's race (see *CJ*, October 1998) reported that the contract of Hamilton Lane Advisors with the Public Employees Retirement System was terminated because the firm declined to contribute to Controller Kathleen Connell's re-election campaign. According to Connell's campaign consultant, Fred Register, the firm's contract was never terminated and recently was extended.

Retail politics.

You're plopped in front of the tube, it's one in the morning, and you've just blown a half-hour watching Suzanne Sommers hawking the "Thigh Master" (or was it the "Thumb Master?") Anyway, you're just about to shuffle off to bed when your screen lights up with the face of consumer advocate David Horowitz, and he's hawking something, too — a "no" vote on Proposition 9, this year's electricity initiative. Yes, Virginia, politics has entered the "Age of the Infomercial." Flush with funding from the utility companies, the "No on 9" committee has bought up time on several cable stations, and filled it with a half-hour of sound bites, statistics and spin, all aimed at selling a vote against the initiative. The buy began three weeks before the election and, if the standard practice holds, will likely show up at any time and on almost any station. But wait, there's more! Campaign professionals also now have their very own mail order catalog. Published by San Francisco-based Winning Directions, the *Local Campaign Catalog* features everything from letterhead and signs to a customized campaign plan, based on demographic information. They'll even make your television ad for you. With politics finally waking up to these New Age manipulation techniques, it's only a matter of time before the above concepts are combined to form (drum roll, please) the Campaign Shopping Network. Imagine the possibilities. Pols past and present could hit the "CSN" airwaves to regale viewers with stories and sell their campaign slogans. "Hurry! Only two minutes to buy your share of 'Experience Money Can't Buy.' And we still have no takers on 'America's Best Treasurer For America's Worst Economy.'" And of course, you'd have to open the phone lines for "spontaneous" testimonials from viewers. "Hi, congressman. I ran for mayor of Susanville, and I wanted to say I just *loved* your likely voter mailing list. My consultant couldn't believe your prices!"

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Rostrum letters

Assimilation

Regarding Lance Izumi's column (see "State of the State," *CJ*, October 1998), it seemed exceedingly xenophobic and, worse, a clumsy justification for racism. Izumi bemoans the fact that candidates, "especially the Republicans," are afraid to talk about immigration for fear of a backlash among Hispanic voters. But he fails to comprehend that Latino voters are U.S. citizens and that in our political system, politicians reflect the body politic. In California and other states like Illinois, New York, Texas and Florida, that body is becoming increasingly Latino.

Izumi's focus on "Hispanics" and, in particular, on Mexican Americans (and not on other immigrant groups such as Eastern Europeans or Asians) sounds like the typical paranoia that "they're going to take over." He quotes known conservatives such as Glenn Custred and Linda Chavez who argue for assimilation into a white and neocolonialist vision of America. But this conservative think-tank theory of economic and racial harmony is a flimsy veil for the usual theory that we should all be white.

A century and a half ago in California, whites were alarmed at massive Chinese immigration, aided and abetted by white captains of economic exploitation in later years. Mr. Izumi talks about immigrant welfare, but conveniently forgets that it is more often than not the upper-and middle-income classes who want to exploit cheap immigrant labor. When the expediency of cheap labor is over, immigrant groups then become targets, just as the Chinese and other non-white groups were robbed, murdered and driven out by whites who themselves had just immigrated to California. Had these Chinese and other non-white groups the political power that Latinos now have, we would not have seen some unspeakable atrocities against groups deemed at the time "unassimilable."

JANLEE WONG
National Association of
Social Workers, Sacramento

The budget

Your article on the 1998-99 state budget (see *CJ*, September 1998) asks why the state budget is never on time. May I suggest that the main reason is that our state constitution mandates a two-thirds vote requirement to pass any money-related bill, including the budget. The two-thirds vote requirement means that a minority is given the legal right to hamstring the majority, with respect to the budget and anything else that requires the expenditure of money. This is a profoundly disillusioning situation and leads to inaction.

A natural response to the anti-democratic two-thirds vote requirement has been for people at all levels to withdraw their affection from government and to decline the focused and active participation that is necessary to make government work effectively. The budget is but one example; much more important is the overall nonparticipation in government by ordinary citizens, who would almost certainly become more vigorously involved in government if they thought their participation could make a difference. Under our current constitution, majority support doesn't mean that you "win." You "lose" unless you get a two-thirds vote. The majority does not get to decide what to do on any decision where opinion is closely divided.

The basic reason why government is not working well in California is that we don't have a "majority rule" government; we are essentially governed by minority rather than majority vote. Non-democratic governments have never been able to command the allegiance of the people, and thus don't work. Unfortunately, California has chosen against democracy, with predictable and lamentable results.

GARY A. PATTON
General Counsel
Planning and
Conservation League

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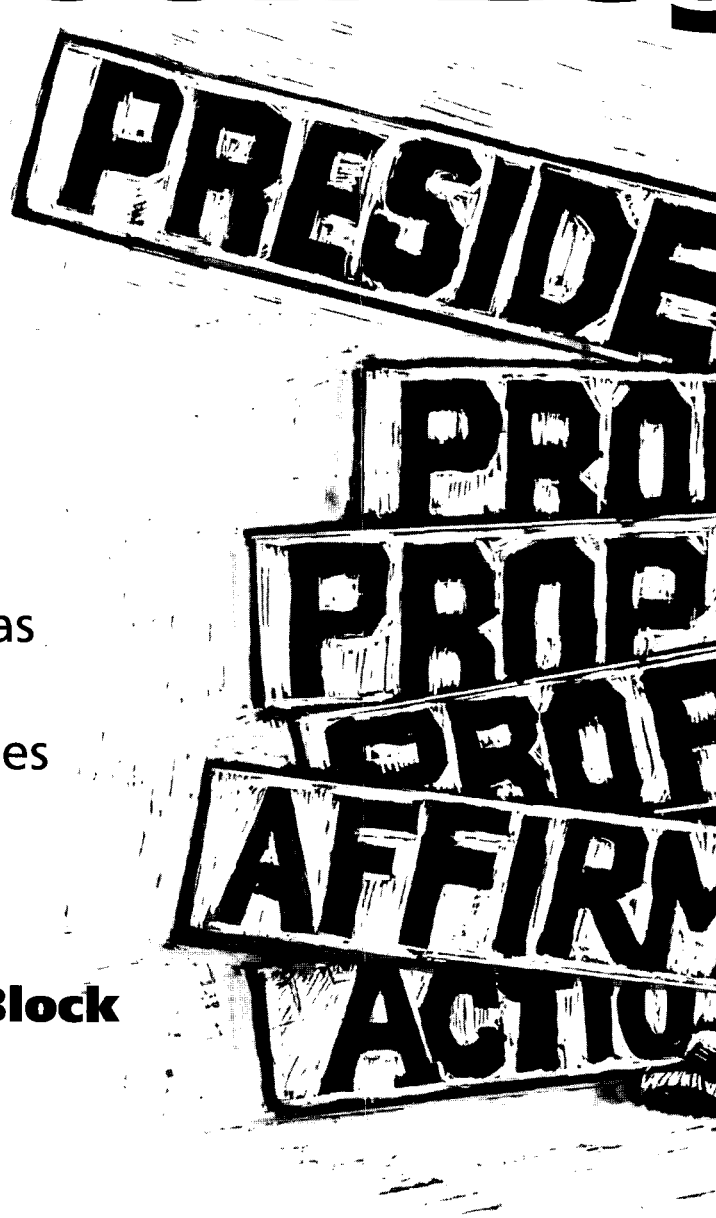
The Wilson Leg



In one sense, Pete Wilson was the right governor at the right moment in California history, and his achievements were substantial. Yet he may be regarded in another sense as the wrong politician for his era. In that contradiction lies the ultimate legacy of his governorship.

By A.G. Block

To assess the eight-year governorship of Pete Wilson requires a sprinkling from the pen of Charles Dickens: Pete Wilson led us into the best of times; he helped foster the worst of times. This son of Illinois, this graduate of Yale and Berkeley, this veteran of the United States Marine Corps, this lifelong politician and public servant was, at the same time, the right governor at the right moment in California history, and regarded as the wrong politician for his era.

How he could be both speaks volumes about his personality and his leadership; about the way he conducted the office of governor and the way he ran campaigns. It also defines the legacy he leaves behind after eight difficult yet productive years as the chief executive of the nation's most important state.

The California of Pete Wilson's tenure was a California in transition. Its economy mutated from one dependent on defense spending to one rooted in high technology, agriculture, entertainment, tourism and international trade. At the same time, its citizenry became ever more varied, with huge infusions of immigrants — legal and illegal — from diverse cultures. Wilson guided the economic transition superbly. But he mishandled his stewardship of the state's social fabric with hard-edged campaigns on issues such as immigration and affirmative action that, however correct on the merits, did nothing to unify California's multi-ethnic population.

In a broad sense, Wilson's impact on the politics of his time — and perhaps beyond — was more substan-

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tial than that of any other governor in recent California history, an impact defined and shaped by two events — his approach to the 1991 reapportionment and his conduct of the 1994 campaign to pass Proposition 187.

Wilson, who long considered it an inescapable conflict of interest for lawmakers to design their own districts, vetoed the Legislature's 1991 reapportionment proposals. But rather than throw the process cold into the state Supreme Court, which in years past had expressed its inability to take on the job, the governor took the unprecedented step of unilaterally creating a bipartisan commission to draw new congressional and legislative districts. The commission's effort subsequently was submitted to a panel of court-appointed masters, who made minor adjustments before adopting it. These districts, which replaced a gerrymander crafted by Democrats in 1981, leveled the playing field for Republicans, who have been more competitive throughout the decade.

"He set a new standard for how reapportionment will be handled in the future," explains Don Novey, president of the politically influential California Correctional Peace Officers Association. "We may never see one party dominate the process again."

Wilson himself hopes his approach will be followed by subsequent governors, even those whose own party also controls the Legislature. "The state is better served," he says of an independent commission that is beyond reproach politically. "Individual communities are better served by the kind of exercise we went through."

But if the state was well served by reapportionment, the same cannot be said of the campaign surrounding Proposition 187, the initiative aimed at curbing health, social and educational services for illegal immigrants. Wilson linked his 1994 re-election to the pro-187 effort, and the brawl that emerged was demagogued by both sides as "us against them" — to such an extent that it cast two long-range consequences. It accomplished more in three months to politically energize California's increasingly power-conscious Latino population than various outreach programs had managed in 15 years. And it temporarily drove substantial numbers of those newly motivated Latino voters into the arms of the Democratic Party, to the peril of Republican candidates statewide.

The images that emerged from the Proposition 187 campaign – and to a lesser degree, from the 1996 Wilson-backed campaign to end state-sponsored affirmative-action programs (Proposition 209) – gilded the governor's reputation as an opportunist willing to exploit divisive wedge issues for short-term political gain.

But that is far too simple a legacy for Pete Wilson.

The right governor

Less than a month before Pete Wilson was elected to his first term in 1990, a California entrepreneur named James Morgan grumped to *Forbes* magazine that his company — Applied Materials — was investing $100 million in Texas rather than in his native state because the attitude of California government toward industry was "pathetic." What made the remark particularly pointed was the fact that Morgan was married to Becky Morgan — a Republican state senator from the Silicon Valley. Yet, his candor was symptomatic of the problems plaguing California on the eve of Wilson's inauguration.

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When Wilson took office in January 1991, the robust phenomenon known as postwar California had smashed headlong into a triple-thick wall of decreased military spending, a national recession and an endless visitation of earthquakes, fires and floods. The economic and emotional impact on California was profound (see following story), with businessmen such as Morgan fleeing elsewhere, jobs in tow.

Into the breech stepped Pete Wilson, with a set of personal and political traits ideally suited to deal with the state's precarious situation. Chief among those assets was his unflagging confidence in his adopted state and a "great optimism based upon [the notion of] Californians as a breed apart."

"Pete Wilson represented a certain gritty, determined and optimistic leadership at a time when the fabric of the state was coming unraveled," says Larry Thomas, vice president of the Irvine Company who served as press secretary for then-San Diego Mayor Pete Wilson in the 1970s and later in that same capacity for Governor George Deukmejian. "He was a booster and a believer in California."

Wilson's strengths as a leader fit well with the effort to put California back on track. He coupled a wonkish interest in the minutae of government programs and finance with a pragmatic instinct for what he could extract from a Democratic Legislature. He was not dogmatically strapped to any particular philosophy, which allowed him to cast a neutral and unsparing eye on a breadth of options. And once he made up his mind, he was tenacious and absolutely confident in the correctness of his chosen path.

More significant, Wilson at the time displayed a fearless willingness to make difficult decisions in the face of withering criticism. "He probably had to make tougher decisions than any other governor in recent memory because of the economic situation," says Republican consultant Sal Russo. "You have to respect that he didn't cower, and he made them in the face of adversity."

The decisions — especially the huge 1991 tax increase — earned the governor the wrath of conservative Republicans, who sulked about the moderate Wilson even in the best of times. But another Wilson strength — his resiliency — allowed him to weather their barbs and to stay focused on a recovery plan he could negotiate with Democrats.

Although Wilson took the difficult steps necessary to close California's budget deficit, wrapping a tourniquet around the state's financial hemorrhage was only part of the solution to restoring its fiscal health. He had to rebuild the confidence of the James Morgans that California was a place to do business — a task he accomplished through a combination of policy programs and marketing. He began the effort by creating the Council on California's Competitiveness, otherwise known as the Ueberroth Commission after its high-profile chairman — former baseball commissioner Peter Ueberroth. Using commission recommendations sometimes as a wedge, sometimes as a two-by-four, Wilson pushed through workers' compensation reform, opened trade offices in new markets such as Korea, Taiwan and Singapore, altered the tax structure, brought a more reasoned approach to regulatory laws and created task forces to examine and reform the bureaucracy's role in the regulatory process. And he enticed many of these programs from an often hostile Legislature controlled by Democrats. But Wilson stubbornly stuck to his road, getting the programs that restored the business community's faith in government as partner rather than adversary.

"He was always there for the business community," says Phil Quigley, former chairman of Pacific Telesis Group and current chairman of the California Business Roundtable. "We knew he would help create the right environment for conducting business in California." Wilson, adds Quigley, was a hands-on governor who didn't rely on rhetoric. "One of his lasting contributions was the way he went about reengineering government to make it more accountable and efficient. He did a lot of things to reposition California for growth, and he kept the optimism at the right level. What he did helped inspire the business community so that

Gov. Pete Wilson's Political Timeline

1990

November
• Defeats Democrat Dianne Feinstein for governor; sees voters pass Prop. 140's term-limits, which he backed

1991

January
• Takes oath as California's 35th governor

February
• Vows to veto any reapportionment plan he deems unfair to the GOP

June
• Longtime Wilson aide Otto Bos dies unexpectedly of a heart attack at 47.

1991

September
• Vetoes three separate redistricting plans submitted to him by the Democrat-controlled Legislature; state Supreme Court panel draws new legislative and congressional districts

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now, we can enjoy the benefits of having been repositioned."

As a result, Wilson leaves the state in better shape than he found it. Along the way, he engineered some substantial policy achievements: class-size reduction, health care for children of the working poor, immunization programs for poor children, workers compensation reform, statewide student testing, a mentoring program for youth and reform of the Endangered Species Act, to name a few.

The wrong politician?

Pete Wilson is a master at the game of politics, as his impressive track record demonstrates. During the second of his three terms as mayor of San Diego, he ran for governor, finishing a dismal fourth in the 1978 GOP primary. It was his lone setback. In 1982, he defeated then-Governor Jerry Brown for the U.S. Senate, winning re-election in 1988 against then-Lieutenant Governor Leo McCarthy. Two years later, Republicans recruited Wilson to run for governor against San Francisco Mayor Dianne Feinstein, whom he narrowly beat. Throughout those campaigns, the moderate, pro-choice Wilson appealed to a broad spectrum of California voters.

Then came 1994.

In terms of politics, there are two Californias – one inhabited by likely voters and the other by the population at large. The former still is dominated by whites; the latter, however, is the nation's most diverse state, where no single ethnic group will soon constitute a majority. Beginning with that 1994 re-election campaign and continuing through his abortive presidential effort of 1995, Pete Wilson seemed to play almost exclusively to the California of likely voters.

In '94, Wilson, along with most incumbents, was mired in a gully of unpopularity and considered vulnerable. As his re-election campaign began, Wilson trailed Democratic Treasurer Kathleen Brown by a wide margin in most polls, and the telegenic and pedigree-laden Brown was all but anointed governor by the Eastern press. But Brown proved an inept candidate, and the governor blew her stumbling effort out of the water long before Election Day.

Along the way, Wilson refined the art of statewide campaigning.

"The Wilson political operation was unique," says Russo. "They overwhelmed everyone with money and were very good at driving the message of a campaign, and staying on that message."

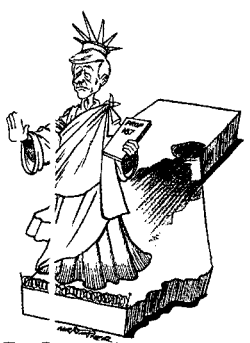
"His campaigns were very influential," says Bruce Cain, director of the Institute for Governmental Studies at the University of California, Berkeley. "The way his team ran elections has influenced the way people think about running statewide elections in California. Essentially, certain principles emerged. You don't have to be charismatic if you keep your campaign themes consistent and can define what is important — create the election agenda."

In 1994, Wilson's agenda centered on immigration. By so doing, he changed the focus of the election from an issue that could harm him — voter dissatisfaction with a still-struggling economy — to one with power to move high-propensity voters in his direction — the border. His vehicle: Proposition 187.

"A wedge issue is one that unifies your base and divides your opponent's base," says Russo. "Wilson did this very effectively, but he left some debris in the road."

That debris haunts Wilson's legacy today.

The arguments behind Proposition 187 — the financial drain to California



1992

November
• Sees his welfare-reform initiative — Prop. 165 — lose and appointee John Seymour defeated in U.S. Senate race against Feinstein

March
• Trails potential Democratic opponent Kathleen Brown by 10 points in a *Los Angeles Times* poll, by 12 points in Field Poll

June
• Defeats challenger Ron Unz in GOP gubernatorial primary

October
• Promises in a televised debate to serve a full second term as governor if re-elected

1994

November
• Defeats Kathleen Brown by 14 percentage points to win a second term; sees passage of Prop. 187, the anti-illegal immigrant initiative, and Prop. 184, the three-strikes initiative — both championed by Wilson. Assembly Republicans capture a majority of seats for the first time since 1970

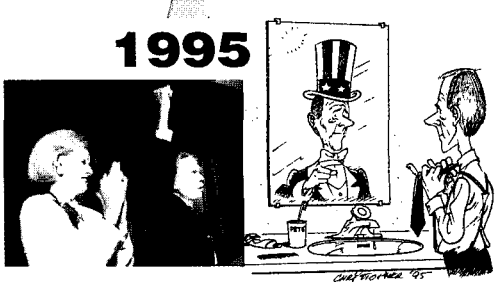
January
• Takes oath of office for his second term as governor

March
• Launches bid for the Republican nomination for president

July
• Leads fight to end affirmative-action at the University of California

October
• Pulls out of presidential race, citing lack of support and financing

1995



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taxpayers prompted by the cost of providing services to illegal aliens — were significant and worthy of reasoned debate. But the merits were obliterated by the tenor of the crusades both for and against the initiative. The most indelible slice of that campaign is a Wilson ad featuring a grainy Immigration and Naturalization Service videotape that exposes illegals swarming across the Mexico-California border in the dead of night. A voice-over intones, "They keep coming." The identity of "they" was never in doubt: people of color. Conversely, the anti-campaign successfully shifted the focus from illegal immigrants to legal immigrants, branding Wilson as an opportunistic racist bent on denying benefits to all non-citizens.

The opposition did its job very well; in fact, it won the spin war, for its unflattering portrait of Wilson has been epoxied to his hide.

"Fifty years from now," says Jim Schultz, executive director of The Democracy Center in San Francisco and author of *"The Initiative Cookbook,"* "Wilson will be remembered as the governor who presided over the last moments of California as a white majority state. And they will remember that he managed that transition for what it would gain him among white suburban voters."

"Proposition 187 broke the historical social contract with immigrants," argues Assembly Speaker Antonio Villaraigosa (D-Los Angeles), referring to provisions which required health workers and teachers to turn in suspected illegal immigrants. "Immigrants come to this country with the understanding that they will take the lowest paying jobs and have to work very hard. But historically they accepted this because they knew that their kids would have a better life. Pete Wilson made war on the kids."

Even Wilson's friends — who well understood the merits of 187 — came away from the campaign believing that the governor had demonized an entire group of people and thus stepped across the bounds of decency. Says one Republican who asked not to be identified, "When the history is written of the Wilson years, he will not be remembered so much for his positive achievements — which are considerable — but for being the architect of racially polarizing and divisive issues."

The criticism stings Wilson even today, and he continues to dispute the image crafted for him by arguing the merits of the initiative — which are different than the campaign he waged to pass it. "It was the right thing to do," he says, addressing the underlying issues behind 187.

But he concedes that his legacy, at least for the foreseeable future, has been sculpted by his enemies. "What they did was to portray 187 not as a measure dealing with illegal immigration, but as 'anti-immigrant,'" says Wilson. "What that meant was, if you accepted it as anti-immigrant, then it's racist. It had nothing to do with legal immigration, which I have [consistently supported]. ...Professional activists think that the ends justify the means, and if you have to engage in a little character assassination against the enemy, why that's okay. They lose no sleep, and sometimes they succeed. I am a victim of that."

Pete Wilson is not a racist, but his approach to the immigration debate showed, at best, a lack of sensitivity about the emerging culture of the state he governed. The campaign to pass 187 was hard-hitting and inflammatory in times that required a softer, more inclusive touch. It was as though the political instincts that had served him so well as he sought to mend California's economy failed him at a critical juncture in his political career.

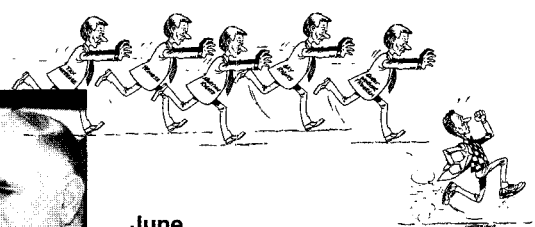
The full measure of Pete Wilson's legacy to California will take years to unfold. It is said that, in the early years of his administration, he was a savior. And he may take just pride in his many accomplishments. But as Republicans and Democrats alike point out, he likely will be remembered not for the light he shed on California's economy but for the darkness he helped bring to its politics.

A.G. Block is editor of the California Journal. *Comments on this article may be e-mailed c/o "editor@statenet.com."*

March
• Former GOP Senator Bob Dole wins the California presidential primary

May
• Wilson appointee Ron George confirmed as chief justice of California Supreme Court

August
• Tries unsuccessfully to have anti-abortion plank removed from the Republican National Platform; is named California chairman of Dole for President



June
• Sees defeat of his Proposition 226, aimed at slashing the political clout of organized labor.

1996

November
• Sees voters pass Prop. 209, the initiative designed to end state affirmative-action programs and backed by Wilson

1997

March
• Wilson Chief of Staff Bob White leaves the administration after nearly 30 years at Wilson's side.

1998

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Wilson's Budget

Governor Pete Wilson's first tax hike was drafted even before he took office — and his last tax cut won't take full effect until after he departs. But while Wilson leaves California better off economically than when he found it, his rosy projections assume that his successors will apply a level of fiscal discipline that Wilson himself endured only briefly.

By Daniel M. Weintraub

When Pete Wilson took office as governor in January of 1991, the bottom had just fallen out of California's economy — and taken the state budget with it.

A plunge in the business cycle coupled with a big drop in U.S. military spending delivered twin blows the state could not withstand. Before he knew what hit him, the fresh-faced Republican chief executive was looking at a $14.3 billion chasm between tax revenues coming in and projected spending going out. As Wilson struggled to come to terms with his fate, advisers gave him the ugly news: he could shut down the universities, empty the prisons and lay off every state employee — and still not bridge the gap. It was almost enough to make the former assemblyman, San Diego mayor and U.S. senator question whether the job he had always wanted was really the job for him.

Today, as Wilson prepares to leave office after eight years as governor, the picture is remarkably different. The economy appears robust and is growing, having replaced all the jobs lost during the recession and added a million-plus more. State revenues, even after a series of tax cuts, are climbing at a healthy clip. And instead of leaving his successor with a deficit, Wilson bequeaths a tidy 2 percent reserve.

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Spin

Illustration by Sandra Hoover

So how much credit does Pete Wilson get for the turnaround? Was he an economic miracle worker or simply in the right place at the right time? The answer is some of both.

The power of a governor to influence the economy is limited. At best, he can work around the margins of business cycles that swing worldwide. So Wilson's timing was fortunate. He and the state rode the elevator up with the nation's longest post-World War II expansion.

Yet Wilson was not simply along for the ride. He was a political perpetual motion machine, pulling levers and pushing buttons whereever he could find them, hoping to do something to spur the economy. He managed to cut workers compensation premiums in half, for example, and he tried to reduce regulation and tweak the tax code to make it easier for business to expand. And while the record shows that he was not quite the fiscal tightwad that he and his fans portray him to be, Wilson did take strides to tame what he has called "auto-pilot" spending.

"We are a far more conservative state fiscally, and a far healthier one, then when I came to office," Wilson said in an interview.

Tom Hayes, the former state treasurer who served as Wilson's first finance director, remembers the long, frustrating meetings in the dark days of the recession, Hayes nibbling on deli sandwiches while Wilson drank Slimfast and asked him time and again to go over the alternatives — none of them pleasant.

"Without his leadership and without his negotiating skills, the state would not be in as strong a fiscal position as it is today," Hayes said.

But to cast Wilson as a fiscal conservative — as he and his allies and sometimes even his opponents tend to do — is not entirely accurate.

Lately, for example, he has been fighting for big tax cuts. But overall, counting his crucial first year in office, Wilson leaves the state with higher taxes than when he started. He talks often about shrinking government, but Wilson's second term has seen state general fund spending grow by a whopping $15.6 billion, or 37 percent in four years. The governor is rightly known for cutting monthly welfare grants, but few realize that California is now spending more on aid to poor families than it has at any time during his term, even as the number of people receiving assistance has plummeted. And while many still remember Wilson's summer-long 1992 confrontation with the Legislature over school spending, few probably realize that funding for education has soared by $1,365 per pupil on his watch. That's a 32 percent increase—enough by itself to pay the salary of an average teacher for every class of 30 students.

That's a record of government expansion that might make a Democrat proud, especially considering the length and depth of the recession that California endured during Wilson's first term. But Wilson, whose ambitions require that he be remembered as a fiscal conservative, shrinks from those numbers. Ask him about his fiscal legacy and he will tell you that spending is far lower today than experts projected it would be when he took office. That's true, but it's only the start of the story.

Wilson's efforts have not come without political cost. He was widely

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"He was hated by everybody," — state Senator Ken Maddy

lauded for his first budget — a combination of tax increases, budget cuts and bookkeeping maneuvers — but the praise soon faded. Those whose services were cut became angry, and conservatives never forgave him for raising taxes.

"He was hated by everybody," said state Senator Ken Maddy of Fresno, a friend and ally who was Senate Republican leader throughout Wilson's first term.

Wilson's journey through California's fiscal jungle is defined, really, by his approach to taxes. They were a major preoccupation of his first year, his last, and in most years in between. His first tax increase was drafted before he even took office, and he proposed it his first week on the job. His last tax cut, if all goes according to plan, will not take full effect until four years after he leaves.

In 1991, faced with that yawning budget gap, Wilson tried to be the statesman. In his first budget, delivered to the Legislature just days after his inauguration, the new governor proposed an increase in the sales tax. Three months later, when the estimated size of the shortfall had doubled, he put more taxes on the table, saying deeper cuts in programs could not be made without gutting essential services.

"He hated the taxes," Hayes said. "But what he realized better than any of his advisers, the technical advisers, was that ultimately you were going to need 27 votes in the Senate and 54 in the Assembly. To get those votes there were going to have to be agreements.

Finally, after months of opposing any increase in the personal income tax, Wilson relented and agreed to raise that levy, increasing the top rate paid by the state's wealthiest earners. The final agreement also raised the sales tax by 1 1/4 cent and expanded it to cover newspapers and magazines, junk food, and jet and shipping fuel — even bottled water. He raised vehicle license fees and alcohol taxes and limited the renters tax credit to lower-income taxpayers. In all, the new levies were expected to raise more than $7 billion.

But they didn't. State revenues grew modestly but were $4 billion below projections the first year after the tax increase, then fell for the next two years. Some blamed the tax increases themselves for further stunting the state's fragile economy.

"The worst possible thing California could have done in that recession was raise its top marginal tax rates, which already were well above the national average," said Stephen Moore, a researcher with the libertarian-leaning Cato Institute. "I think the major impact of those tax increases was to dramatically depress real estate values and encourage an out-migration of the productive, entrepreneurial class in California. The recession really lingered much longer than it would have had it not been for his misguided fiscal policies."

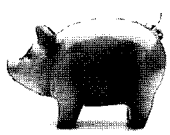
Wilson has said that the tax increase — at least its magnitude — was a mistake. And he spent the final seven years of his administration trying to undo it.

In 1993, he cut business taxes, giving manufacturers a 6 percent credit on the purchase of equipment. In 1995, he allowed the upper-income rates, adopted as a temporary measure, to expire on schedule. In 1996, he cut bank and corporate taxes 5 percent. In 1997, he expanded the dependent credit for personal, income taxpayers. And this year, he cut the vehicle license fee by 25 percent.

Voters helped him out, too, by repealing much of his expanded sales tax—the so-called "snack tax."

"On balance, if you look at how much people are paying in taxes when Wilson came in and when he left, it's about the same," said his finance director, Craig Brown.

About the same, perhaps, but sticklers — and opposing presidential candidates — will note that the net effect



Gov. Pete Wilson's Fiscal Timeline

1991

- Faces $10 billion budget gap
- Proposes 25% cut in welfare (which voters rejected)
- Freezes per-pupil school spending
- Takes $1 billion-plus in local property taxes for the state budget
- Delays state budget in a 63-day standoff with Legislatu

January
- Estimates budget gap at $7 billion
- Proposes $1.7 billion tax increase

April
- Estimates budget gap at $12.6 billion; it would later grow to $14.3 billion
- Proposes $6.7 billion tax increase

July
- Signs $7.5 billion tax increase
- Cuts spending $4.5 billion

1992

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was a tax increase. Brown's numbers ignore $1.8 billion raised by a half-cent sales tax imposed by Wilson but extended and shifted to local government coffers by a vote of the people in 1993. Wilson not only championed that ballot measure but essentially assured its success by taking so much property tax revenue from cities and counties that a vote against the measure was considered fiscal suicide.

Brown's calculations also count as tax cuts the full $3.6 billion potential reduction in the car tax enacted last summer. Only $1 billion of that cut is guaranteed. The rest will take effect over the next four years only if state tax revenues far exceed the Finance Department's current projections.

To be sure, taxes would be higher without Wilson's efforts since his second year in office. Democrats would have left in place the higher rates for the wealthy and had to be dragged into the tax cuts passed the last two summers. Each of these moves was roughly a $1 billion savings for taxpayers. Still, Wilson ends his two terms as a net tax-raiser — by more than $2 billion. What about the spending side?

Wilson is fond of citing a 1990 report by the now-defunct Commission on State Finance. Using trends then in place, the study projected that state general fund spending would be $80 billion by now. Instead, it's $57.4 billion — a difference of $22.6 billion.

But the comparison is highly misleading. That 1990 projection relied primarily on estimates of population growth and inflation that proved to be overstated. Those errors in turn drove the anticipated cost of every state program to stratospheric levels that were never realized — not because of policy changes but simply because of demographics.

The most obvious difference was in kindergarten through community college education, where general fund spending was projected to grow to $33.6 billion by the current fiscal year. Instead, the state will spend about $24 billion. But that reduction mostly reflects the fact that enrollment grew at a far slower rate than experts predicted 8 years ago. The numbers also reflect Wilson's property tax shift — he transferred $3.5 billion of the state's obligation for the schools to local government by changing the distribution of local tax revenues. But the state funded the schools at the minimum amount guaranteed by the Constitution throughout Wilson's two terms.

In higher education, Wilson slowed the growth of taxpayer spending a bit by increasing student fees. But population trends did most of the work. Combined full-time enrollment at the University of California and the California State University campuses is lower today than when Wilson took office — hardly a trend the experts expected as the decade dawned.

Similarly, prison costs did not grow at the anticipated 11 percent annual level, falling $1.7 billion short of the projection for 1998. But that occurred even as Wilson was boasting of putting more criminals in prison and keeping them locked up for longer terms. While the deterrent effect of the tougher sentences may have reduced the growth in inmate numbers by some amount, the bigger cause of the dip from projected levels was slower population growth. Fewer people simply meant fewer criminals and fewer crimes.

The one area where Wilson's policies did make a dramatic difference in state spending was aid to the poor.

Under Wilson, a monthly welfare grant for a family of three fell from $694 in 1990 to $565 last year before rising again in this year's budget. Without the grant cuts and the suspension of annual cost-of-living increases, the stipend this year would have been $854 monthly. That difference, according to the Legislative Analyst, was saving the state $2.4 billion annually as of 1997.

In the SSI/SSP program, which supports the aged, blind and disabled, individual monthly grants would have been $772 without the cuts Wilson pushed. Instead, they were $650 this year. The difference was saving the general fund $1.4 billion.

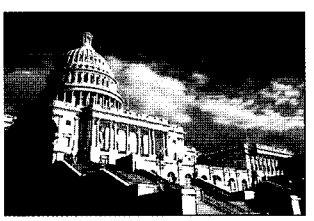
Despite those cuts, however, overall spending on health and welfare programs for the poor has grown during Wilson's terms in office. Counting federal funds, such spending has grown

1993

- Demands $1.4 billion from feds for illegal immigration costs
- Takes another $2.6 billion from local property tax to help balance state budget
- Signs only on-time budget during extra administration
- Enacts business tax cuts for large and small businesses
- Fights to make permanent a half-cent sales tax increase for local governments

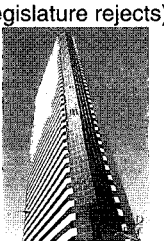
- Sues feds for $10 billion in costs for health, education and jailing of illegal immigrants
- Eliminates automatic grant increases for welfare mothers who have more children

1994



1995

- Proposes 15% cut in personal and corporate incomes taxes (which Legislature rejects)
- Cuts welfare grants 4.9%, plus an additional 4.9% in low-cost counties
- Allows temporary tax increase on wealthy to expire after five years.



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Assemblyman Tom McClintock believes the next governor may well be cursing Wilson within a year or two.

by 40 percent, even as the number of people on aid has declined. Much of the money is going into expanded child care and job training services.

For all of that, few would argue that the governor is not leaving the budget in better condition than he found it. He used his line-item veto last summer to shave more than $1.5 billion from the Legislature's proposed spending plan. After restoring some of those cuts, he ended with a projected reserve of $1.4 billion, or 2 percent—the healthiest finish for a California chief executive since Ronald Reagan retired as governor in 1974.

Still, some troubling signs exist.

The state in the coming year will spend a half-billion more than it takes in, according to Department of Finance figures, living in part off the reserve Wilson worked so hard to build. Normally, that's not an indication of good fiscal management. But $1.6 billion of that spending is on one-time projects that will not increase the budget's baseline. Next year, that money will be available for ongoing programs.

And while Wilson predicts future surpluses as far as the eye can see, he does it with a little bit of voodoo. His numbers project spending will grow an average of only 4.8 percent over the next four years. But Wilson's last four budgets have seen spending grow by 8.2 percent, 8.1 percent, 8.7 percent, and 7.9 percent. Wilson, in other words, is expecting future governors to apply a level of fiscal discipline that he endured only briefly — when the economy deprived him of the revenues to do otherwise. In fact, the general fund in more than 50 years has never had a four-year period of growth as low as Wilson is predicting.

If, instead, spending continues to climb at the pace Wilson has set, the state within four years would face an $8 billion annual deficit, even with continued economic growth. And if a recession were to hit and revenues were to go flat during the next two years — a milder jolt than Wilson saw in his first two years — the next governor would be looking at a gap in the range of $10 billion by the summer of 2000.

Hardly anyone is predicting such a scenario. But it's not beyond the realm of possibility. There are signs, for instance, that global economic troubles may soon be felt in California. Unemployment began to edge up last summer after dipping in July to its lowest level since Wilson was elected. Housing permits, another sign of economic vitality, dropped 20 percent in August from June levels. State tax receipts also dipped below projections.

Assemblyman Tom McClintock of Simi Valley, a Republican who has been one of Wilson's harshest critics in the Legislature, believes today's good times are illusory and that the next governor may well be cursing Wilson within a year or two.

"He left California taxpayers much worse off than they would have been had his administration simply never happened," McClintock said. "We move into the next administration with a top-heavy state budget, a narrow reserve and a darkening economic picture."

McClintock's views may be extreme, but he has been right before, including in 1991, when he was among the first to predict that Wilson's plan to balance the budget would fail miserably. So as Wilson prepares for another run at the presidency, one in which his record as a prudent fiscal manager will be a central issue, the governor has to hope that the same economic elevator that lifted his image does not return to the ground floor anytime soon.

Daniel M. Weintraub, Sacramento bureau chief for the Orange County Register, *has covered the state budget during all eight years of Governor Pete Wilson's term. Comments about this article can be e-mailed to editor@statenet.com.*

1996

- Enacts $1 billion tax cut; boosts dependent credit for families
- Agrees to $350 million aid package for local government
- Enacts federally mandated welfare reform, setting time limits on grants

1998

- Proposes 15% cut in personal and corporate income taxes (which Legislature again rejects)
- Signs on to proposals to reduce class sizes, allocates nearly $1 billion for the program

1997

- Enacts $1.4 billion tax cut, including a 25% reduction in vehicle license fees and renters' tax credit
- Increases welfare grants 7.7 percent
- Proposes spending $500 million more for public schools than state Constitution requires

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The California GOP: a house divided

Can the new, open primary system help moderates reclaim the party?

By Lou Cannon

This is an examination of the conflicted direction of the Republican Party in California in the last statewide election of the 20th century, told in three stories from as many congressional districts.

For Republicans, the first tale is a political horror story that began last year when Assemblyman Brooks Firestone abandoned a promising campaign for lieutenant governor to seek a vacant U.S. House seat created by the death of Democratic Representative Walter Capps.

Firestone, a progressive two-term Republican legislator, seemed an ideal candidate in the culturally moderate central coast district of Santa Barbara and San Luis Obispo counties where registration is evenly divided and voters are among the most independent in the nation. Firestone's socially moderate and fiscally responsible record fits this district, the 22nd, and he had the resources to wage a high-visibility campaign in a swing district that both parties then considered a 1998 battleground.

From a party point of view, Firestone should have been a consensus candidate. But he was opposed by Assemblyman Tom Bordonaro, who represents a more conservative district in San Luis Obispo County to the north. Soon, Firestone was being demonized in mailers and television commercials as anti-baby, pro-tax, and pro-gay. Some of these attacks came from zealots in the Bordonaro camp, others from national groups opposed to abortion rights. Firestone did not respond in kind. In the January 13 special election he finished third behind Bordonaro and Lois Capps, widow

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Illustration by Anthony Strom

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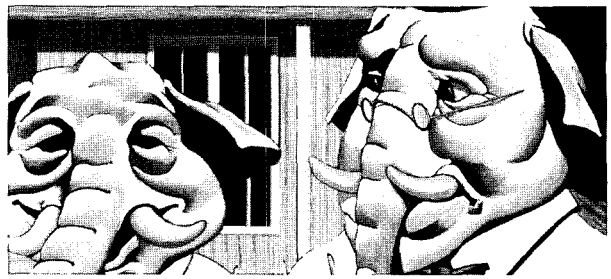
No one could guarantee Brooks Firestone that, if he ran, the right wing wouldn't go after him again.



of the deceased congressman. "We were partial-birthed to death," said Firestone's campaign manager, John Davies. Predictably, Capps trounced Bordonaro in the runoff, winning 54 percent of the total vote in a district where her husband had been elected with 48 percent. Only then did the usually genial Firestone express his true feelings about Bordonaro: "He won the primary with a vicious campaign but it cost him the general election."

Firestone and Bordonaro represent the poles of a divided GOP. Both are success stories. Firestone, heir to a tire fortune and a successful vintner, is a pillar of the Santa Ynez Valley. Bordonaro, member of a ranching-business family that started poor, has been in a wheelchair with limited use of his arms since a 1977 car accident. He has been an inspiration to the handicapped. Asked in his first campaign if he preferred to be called "disabled" or "physically challenged," he replied with typical good humor, "Actually, I'd prefer to be called Tom." In the Legislature, he was consistently conservative except on votes to limit cutbacks of welfare aid for the blind and disabled. Firestone, who called himself a "responsible Republican," joined with Democrats in an effort to restrict the sale of cheap handguns, favored abortion rights and warned that Republicans could become a permanent minority unless they tolerated diversity within their ranks.

Firestone typifies "coastal Republicans," who tend to be more liberal than their inland colleagues on environmental and social issues. Although Bordonaro, from inland Paso Robles, also represents a district that is partly coastal, his views typify the conservatism that prevails in land-locked districts of the Central Valley and Inland Empire and in Orange County. This conservatism is the majority view within the GOP legislative and congressional caucuses.

While Republicans were blowing their chances in the 22nd, a more positive story line was developing in two other swing congressional districts, both of which were being vacated by Democrats. One was the 3rd Congressional District, which includes Sacramento suburbs and sprawls northward up the Sacramento Valley from Rio Vista to Red Bluff. It has been represented since 1978 by Vic Fazio, a member of the House Democratic leadership. Republicans have targeted this district since a 1992 reapportionment improved Republican registration, but Fazio's political skills and a GOP proclivity for nominating baggage-ridden, right-wing candidates kept the seat in Democratic hands. In 1998, Assemblywoman Barbara Alby, another social conservative, was favored to win the GOP nomination, but she was upset by wealthy developer Doug Ose, a moderate newcomer to politics. As Joseph Schultz, press secretary for Democratic nominee Sandie Dunn complained, "Ose ran more like a Democrat than a Republican in the primary."

Four hundred miles south, Assemblyman Steve Kuykendall had a difficult race in the 36th Congressional District, which was vacated by wealthy three-term Representative Jane Harman in her unsuccessful pursuit of the Democratic gubernatorial nomination. The 36th, embracing the "aerospace belt," in the beach cities of Los Angeles County, has a well-educated, high-tech electorate and a slight GOP registration edge. Harman defeated a conservative to win the seat in 1992 and seemed a vulnerable target in 1994, the "Contract with America" year when the GOP won control of the House. But in the 36th, the GOP nominated conservative Susan Brooks, and Harman turned the election into a referendum on abortion rights. She eked out an 812-vote victory. When Brooks ran again in 1996, a better Democratic year, Harman beat her by 19,000 votes.

Kuykendall, Firestone's seatmate in the Assembly, is the sort of pragmatic businessman who once typified GOP legislators. On the Rancho Palo Verdes City Council and in the Assembly, he earned a reputation as a problem-solver. Harman, who had worked with Kuykendall on district issues, gave him a heads-up on her decision to run for governor, helping him to jump into the primary race. Kuykendall won handily, defeating Brooks and Los Angeles Councilman Rudy Svornich.

Five weeks before the November election, the message of these three congressional primaries seems clear. In the 22nd, Capps holds a wide lead, and the race has been taken off the top-target list of the GOP. Ose, meanwhile, has such a commanding lead in the 3rd that Democrats are all but conceding the district. No one is conceding anything in the 36th, where the Democrats nominated Janice Hahn, member of the well-known Los Angeles County political family. But Kuykendall leads in the polls of both parties and is favored to win.

Ose and Kuykendall, along with Matt Fong, the GOP nominee for U.S. Senate, were beneficiaries of the open primary, which encourages candidates of both parties to make what Republican Representative Steve Horn of Long Beach calls "sensible appeals" to a broad electorate. Ose, Kuykendall, and Fong did not have to move to the right to win nomination; they emerged from their primaries with essentially the same appeal they have made in their fall campaigns.

The open primary was advocated 20 years ago by Horn, a top aide to Senator Thomas Kuchel, a onetime GOP moderate. But it is the immediate fruit of Tom Campbell's narrow loss in the 1992 GOP U.S. Senate primary to ultra-conservative Bruce Herschensohn. After Herschensohn was defeated by Democrat Barbara Boxer, Campbell supporters placed an initiative on the 1996 ballot creating the open primary. (Campbell persuaded industrialist David Packard to provide much of the financing.) The initiative won handily. It has made the California GOP safe for moderates and left

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the way open for the Republican Party's return to its glory days in California.

But which glory days? California has been a Republican bastion for most of the century. The state had only one Democratic governor before Edmund G. (Pat) Brown was elected in 1958. After Brown's two terms and two terms by Ronald Reagan, Brown's son, Edmund G. (Jerry) Brown, was governor from 1975-83. If Gray Davis wins, he will be the fourth Democratic governor of the century. More often than not, California's political destiny has been in Republican hands.

This hasn't been all bad. The most productive legislative era of the first half century occurred under the leadership of Hiram Johnson, a Republican who had become so disgusted with the corruption of both parties that he founded his own, the Progressives. Most Progressives were former Republicans and many later returned to the GOP fold. Essentially Johnson's progressives were Republican liberals who made California a national leader among states that provided for working people and the less fortunate. This was the social legacy that the great Earl Warren, a three-term governor, invoked in mid-century as he fought a visionary battle for health insurance and put California in the national forefront of state spending on education. President Harry Truman said that Warren "is a real Democrat and doesn't know it," but he was, in fact, a real Republican of his day.

The other glory period for the Republicans came during the governorship of Reagan, the premier conservative icon. What is often forgotten is that GOP legislators of the Reagan era (and in some ways Reagan himself) would be hopelessly progressive by the standards of the GOP Assembly caucus of today. During 12 years that included Pat Brown's second term and Reagan's two terms, Republican legislators played major roles in constructive legislation that helped the children, the poor, the mentally ill, the mentally retarded and welfare recipients.

Reagan appointed Sierra Club member Ike Livermore as his resources director. He blocked federal plans to build the Dos Rios Dam and flood Round Valley and to build a wilderness-destroying highway to Monarets Summit. He signed a landmark permissive abortion bill authored by Democratic state Senator Anthony Beilenson that was pushed through the Assembly by Republicans.

When Pete Wilson, a freshman assemblyman during Reagan's first year in office, became governor in 1991, he was astonished to find that the religious right wielded so much power in the Assembly caucus. It bothered Wilson when a legislator invoked Scripture to oppose a tax increase that was needed to balance the budget. Ironically, in view of his own later reputation, Wilson was dismayed by what seemed to him a streak of meanness in the GOP caucus. Perhaps such qualities have a way of rubbing off. Years later, Wilson on his own initiative reduced conjugal visits for California prison inmates — a program that Governor Reagan had initiated to reduce homosexual assaults in prison.

Meanness is now a staple of California politics, and it comes not only from the right. State Senator David Roberti was effectively destroyed by fellow Democrat Phil Angelides in the 1994 campaign for state treasurer by unfair commercials suggesting that he sanctioned the murder of an abortion doctor. The ugly campaign for Proposition 187 repelled Latinos, and the subsequent battle over Proposition 209 alienated African Americans. Politics in California was never for the faint of heart, but it now requires a strong stomach as well.

The 22nd Congresional District is a paradigm for how California Republicans have allowed narrow-mindedness (some would also say political stupidity) to make them a minority. The internecine battle in the special election arguably cost the party two of its better state legislators in the loss of Firestone and Bordonaro.

After his defeat Firestone was asked by GOP legislative leaders if he would run for the Assembly again. He asked in turn if they could guarantee that the right wing wouldn't go after him again. No one can guarantee that, and Firestone didn't run. His Assembly seat is now a toss-up between a Democrat who is to the left of the district and a Republican who is to the right of it.

Meanwhile, the open primary offers hope that Republicans will become less dependent on the zealots who wield more power in closed primaries than in general elections. Campbell is cautiously optimistic that as moderates win more elections, the party structure will become more pragmatic over time.

How Fong, Kuykendall, and Ose fare in November, will offer valuable clues about the direction of California's conflicted GOP.

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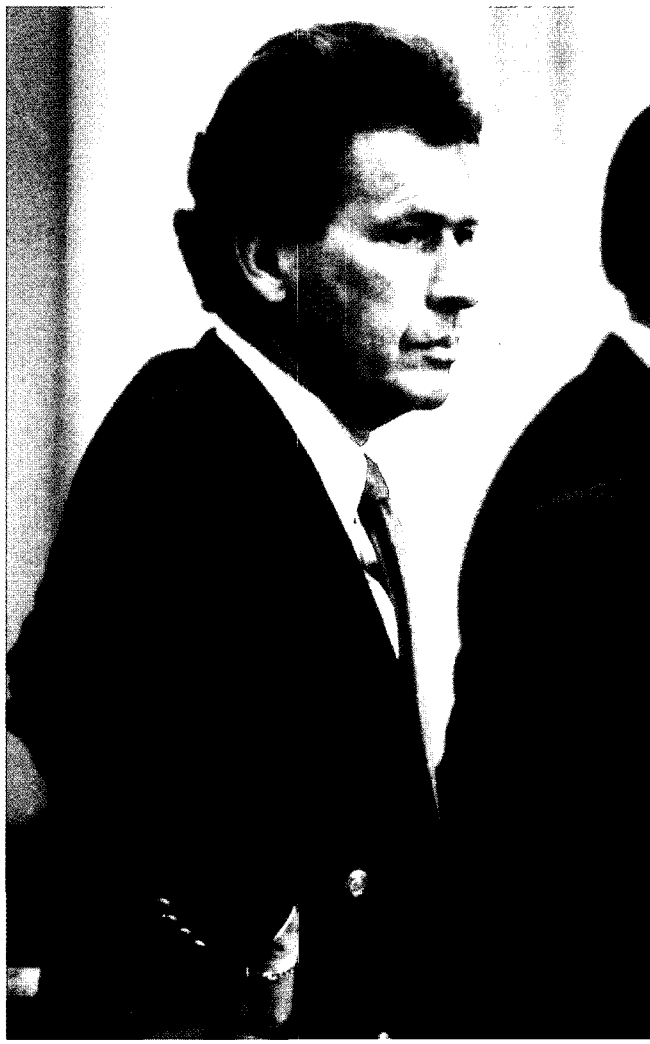

Ken Maddy, left, with state Senator Bill Campbell

With the term limit-enforced departure of Republican Senator Ken Maddy, Sacramento loses its most respected consensus builder

By Steve Scott

The year: 1983. Conservatives in the state Senate's Republican Caucus, led by iconoclastic king maker H.L. Richardson, were openly gunning for moderate minority leader Senator Bill Campbell. In an effort to give his allies a little time unencumbered by suspicion and sideward glances, Campbell arranged for two separate planes to take the caucus to Long Beach for a GOP event aboard the Spruce Goose headlined by President Ronald Reagan. Campbell told his second-in-command, a dapper Fresnan named Ken Maddy, that "those guys" were flying on one plane and "all of us good

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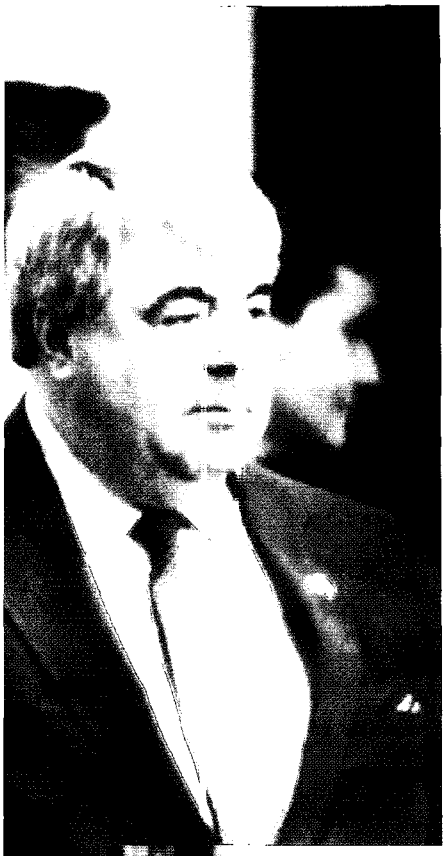

guys would go on the other." While he had no objection to the seating arrangements, Maddy did have one question for his leader: How many senators were on the *other* plane?

It turned out to be a good question. The "conservative" plane had one extra senator on it. By the time it had landed, everyone on it had agreed to support Northern California conservative Jim Nielsen for minority leader. For those who know him, or know of him, it's no surprise that the pragmatic Maddy would be concerned with counting votes on an airplane ride. It's also no great shock that his suspicions turned out to be right.

For almost three decades, Kenneth L. Maddy has been patrolling the fault lines between Democrat and Republican, moderate and conservative, trying to clear common ground. As a legislator, Maddy is a rarity in any era — intelligent, savvy and instinctively pragmatic, with a store of personal charm that allowed him to agreeably disagree with colleagues of every stripe and temperament. Despite spending his entire legislative career in the minority, the 64-year-old Maddy has built a legislative record that would be the envy of any lawmaker. As term limits claim him after 28 years in Sacramento, there is genuine wistfulness at his departure.

"I don't think Republicans have any idea how much they're going to miss Ken Maddy when he's gone," said Senate GOP Caucus chair Jim Brulte (R-Rancho Cucamonga).

Maddy seemed an unlikely candidate at first for a career in politics. Born in 1934, Maddy spent most of his free time in high school and college grooming horses at Hollywood Park and Del Mar race tracks. But during a seven-year legal career in Fresno, he also became a well-known community volunteer. In 1970, area Republicans tried to recruit him to run against venerable Democratic congressman Bernie Sisk,

Maddy with Assemblyman John Vasconcellos and Governor Jerry Brown

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He admitted in a famous interview to smoking marijuana — and wound up finishing third in the race for GOP gubernatorial nominee.

an offer he politely refused. But when equally venerable state Senator Hugh Burns retired, and then-Assemblyman George Zenovich ran for his seat, Maddy said the local GOP leaders "blew enough smoke at me and convinced me to run." Presaging the bridge-building that was to follow, Maddy won the seat, despite a 65-31 Democratic registration advantage.

Despite being a perennial target, Maddy continued to win elections, largely by "plowing the vineyards" back home. (Ironically, during his Senate years, Maddy would often find himself faulted for not paying enough personal attention to the folks back home in Fresno.) By 1978, Maddy entered the GOP gubernatorial contest, facing a trio of better-known Republicans including an up-and-coming San Diego mayor named Pete Wilson. Maddy's base included Central Valley agriculture and, surprisingly, hard-core conservatives who were grateful for Maddy's support of Ronald Reagan in the 1976 presidential race.

Although he wound up finishing third, Maddy's campaign was probably the most memorable of the bunch. His calling card was a Jerry Brown coloring book, filled with derisive caricatures of the governor. He admitted in a famous interview to having smoked marijuana ("That's always the third paragraph in any profile," he laughed). And, perhaps fatally, he refused to back tax-slashing Proposition 13. "That was the fatal blow," he recalled. "I was already dead when the marijuana thing hit." Dead, but far from buried. Less than a year later, yet another heavily Democratic Senate seat opened up and again Maddy beat the odds, winning in a special election by 700 votes. Sixty days later, he'd replaced Richardson as caucus chair, a post he would hold until that fateful plane ride. Neither Maddy nor Nielsen hold any grudges about the set-to.

"We always dealt with each other in a forthright manner," said Nielsen. "When I challenged him, he was the first to know about it. When he challenged me, I was the first to know about it."

And challenge he did, four years later, and in his love-hate relationship with party conservatives, it was love's turn. With Richardson in his corner and

Maddy with Work The Crowd, his prize-winning filly. Photo courtesy of Ken Maddy

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Rocklin conservative John Doolittle as caucus chair, Maddy claimed the GOP leadership in the Senate. His natural ability and a large store of bipartisan goodwill enabled Maddy to quickly settle into a cooperative relationship with then President pro Tempore David Roberti, and also helped him negotiate effectively in the increasingly important leadership talks on the budget — the so-called "Big Five" of the governor and the four legislative leaders.

"He knew the budget as well as any staff person," said Roberti. "There was more than one budget where, if he weren't such a consensus builder, we'd still be there today."

Maddy's strong ties across the aisle also gave him unprecedented lattitude as a member of the minority party to shape legislation. He was a key negotiator in 1982's reform of the Medi-Cal system, and also had a hand in many other signature health care reforms. He also helped put together compromises in the area of tax reform, and asset forfeiture in drug cases. And as recently as 1997, Maddy's experience and negotiating technique helped guide the Legislature to a seemingly impossible com-

Maddy with friend, circa 1951. Photo courtesy of Ken Maddy

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promise on the touchy issue of welfare reform.

Maddy's most celebrated legislative influence is in the area of horse racing — the one place where occupation and avocation collide. He considers his advocacy of equine research centers at the University of California, Davis, veterinary school to be one of his most important accomplishments.

Of course, many of his legislative achievements might not have happened had it not been for another unlucky spin on the wheel of fortune. When state Treasurer Jesse Unruh died in 1987, Maddy lobbied Governor George Deukmejian hard for the appointment. By most accounts, he would probably have been a lock for confirmation in the Democrat-led Legislature even though it might have provided a springboard for another gubernatorial run. But Deukmejian passed Maddy over for a fellow Long Beach politician, Dan Lungren, whose nomination was subsequently rejected by the Senate. As usual, Maddy played the good soldier and defended the nominee, but to this day he counts the event as the biggest single disappointment of his career. "It was sort of my turn," he mused.

Denied a clear shot at statewide office, Maddy decided to shed his "rising star" moniker and simply finish out his career as a legislative leader. But in 1995, he was unseated from his leadership post by Orange County conservative Rob Hurtt. Hurtt and other conservative critics made the move out of concern that Maddy had become too complacent in political matters — too content with the GOP's status as a minority party. One bit of evidence they used was Maddy's refusal to personally troll the lobbyist corps for caucus campaign contributions. "He had grown too comfortable," Hurtt told *The Fresno Bee*. But one time partisan adversary Roberti insists Maddy was no pushover.

"If I really thought about it, there may have been one or two races where we pulled our punches a bit," Roberti recalled. "But for the most part, we went at it tooth and nail."

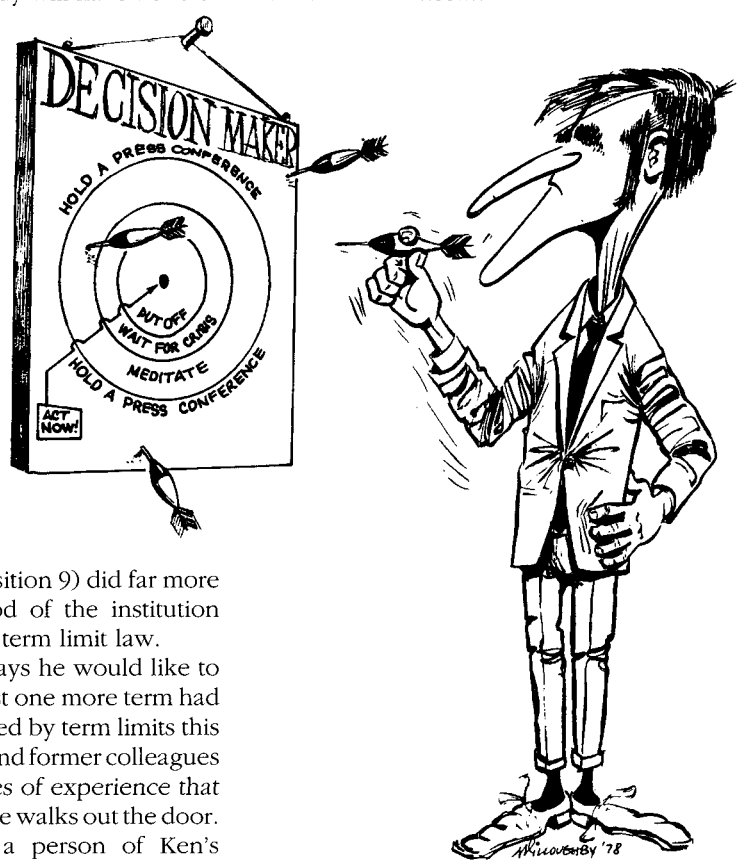
Apart from his role in shaping the welfare reform compromise of 1997, Maddy's influence waned after his leadership defeat in '95, though he did survive long enough to see Hurtt wave the white flag within three years. While it is tempting to view the rather brusque treatment he received at the end as evidence of the widening rift between moderate and conservative, Maddy will have none of it. "There's always been that drive on the more conservative side in terms of the issues that are hard for some of the moderates to swallow," he said. Maddy also disputes the contention that it is an inevitable outgrowth of term limits, saying 1974's lobbyist-restricting reform act (Proposition 9) did far more to affect the mood of the institution than did the 1990 term limit law.

Still, Maddy says he would like to have stayed at least one more term had he not been claimed by term limits this year, and current and former colleagues lament the decades of experience that will depart when he walks out the door. "You don't lose a person of Ken's caliber without it being a lesser place than it was before," said Nielsen. Brulte, who was a "Big Five" colleague of Maddy's during his years as Assembly GOP chief, cited Maddy's pragmatism and innate understanding of the politics of a situation. "He could see the Democrats coming from a mile away," said Brulte.

As of this writing, Maddy is sly about his future, saying only that he has had several job offers and that he will likely stay in Sacramento. Twice-divorced, Maddy also expects to spend plenty of time on his horses, one of which — Work The Crowd — was a prize-winning filly in the mid 1990s. Though he allows that it is "tough to leave the game," Maddy insists he is not interested in using up his six years of Assembly eligibility just to return to the Legislature. By most accounts, it is the Legislature's loss, for Maddy is one of the few members of either party who understood one cardinal rule of politics:

Be careful when you take off in a plane with only your friends. You may find you don't have enough to go around when it lands.

Steve Scott is the political editor for the California Journal. *Comments about this article can be e-mailed to editor@statenet.com.*



From the "Jerry Brown Coloring Book," Maddy's campaign gag. Photo courtesy of Ken Maddy

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Southern Exposure
perspective

By Sherry Jeffe Bebitch

Tom Bradley

Los Angeles makes news. Usually for things that go wrong: Earthquakes, riots, shootouts. But for one brief period in 1984, L.A. shone in the world media — as the host of the Summer Olympics.

Last September Los Angeles again made news, when former Mayor Tom Bradley died. It was Bradley who brought those triumphal games to the city. The then-mayor's insistence on a funding plan which put financial responsibility into the hands of the private sector "probably saved the Olympic games for years to come," said L.A. City Council President John Ferraro.

Californians outside the L.A. area likely remember Bradley for his razor-thin loss to the Republican gubernatorial candidate, then Attorney General George Deukmejian in the 1982 election. That year, L.A.'s Democratic mayor came within 100,000 votes of becoming the nation's first elected black governor. Bradley challenged Deukmejian again in 1986 but lost by a wide margin.

During his unprecedented — and, because of term limits, never to be equaled — 20-year tenure as mayor, Bradley presided over L.A.'s metamorphosis from what one longtime ally called "a laid-back, sleepy town" into "a world-class city." The Bradley legacy includes a grown-up skyline, a thriving port and Los Angeles International Airport (LAX), a pulsing financial center, a city work force opened up to reflect L.A.'s diverse population. But it also includes an inadequate system of mass transit, the controversial and costly Metrorail project — the remnant of an early campaign promise — and the still-festering urban problems of homelessness and poverty.

Bradley's two-decade stint in the mayor's office bookended a chapter in the city's political history which began and ended with violence. Each of these incidents reflects a persistent gulf which separates two, dissonant L.A.s. The first is home to the largely Anglo, political, cultural and business elites who live — well — in L.A.'s suburban neighborhoods and commute to the city's high-rises; the second harbors the poorer, mostly minority, population that inhabits the urban core.

When Bradley was first elected, he symbolized the political empowerment of that second L.A., which had been largely disenfranchised in civic life. Over the two decades he served as the city's chief executive, however, he came to embody a kind of retro-boosterism embraced by the city's establishment. The man who author Earl Ofari Hutchinson said "symbolized the emergence of black political power," was not a typical "black power" politician.

Bradley, motivated by the destructive Watts riots which ripped open the city's raw racial divisions in 1965, made his first run for mayor in 1969 — leading the coalition of African-Americans and liberal activists that helped him become the city's first elected African-American city councilman in 1963. Ahead in pre-election polls, Bradley lost the runoff to incumbent Sam Yorty — in the wake of a racially-tinged, fear campaign waged by the conservative "maverick mayor." In a 1973 rematch, Bradley ousted Yorty, putting together an ethnically and economically diverse alliance to win election as the first African-American mayor in a city only 15 percent black.

In 1992, the mayor who prided himself for bringing racial harmony to Los Angeles found himself heading a city seared by urban unrest, which erupted after four white police officers were acquitted of beating a black motorist named Rodney King. The deadly violence took Bradley by surprise — an indication, his critics insisted, of just how out of touch he'd become with the problems of the poor and minorities he once championed. On the heels of the riots, Bradley decided against a run for a sixth term as mayor.

The candidates in 1993 race to replace him reflected the two incarnations of the long-serving mayor. City Councilman Mike Woo, a Democrat, sought to salvage the coalition of minorities and white liberals that helped bring the early Tom Bradley to power. Republican Richard Riordan, himself a former Bradley appointee to a city commission, represented the largely Anglo, civic and business establishment among whom the later Tom Bradley moved easily. While blacks went solidly for Woo, Riordan won by forging his own coalition of Latinos, Jews and the San Fernando Valley.

Riordan won again in 1997, pulling 60 percent of the Latino vote. His liberal challenger in that race, state Senator Tom Hayden, garnered 75 percent of the black vote. In that contest, the percentage of Latinos in the city electorate surpassed that of black voters for the first time.

These numbers underscore the impact of the shifting demographics of Los Angeles on its politics. As the percentage of Latinos in the city's population increases, the electoral clout of African-Americans is beginning to wane. That leaves open the possibility that, absent a leader who can reach out beyond ethnicity — as this son of sharecroppers and grandson of slaves could — Tom Bradley will come to be remembered not only as the first African-American mayor of the City of Los Angeles, but perhaps the last.

Comments on contributing editor Sherry Bebitch Jeffe's column may be e-mailed c/o editor@statenet.com.

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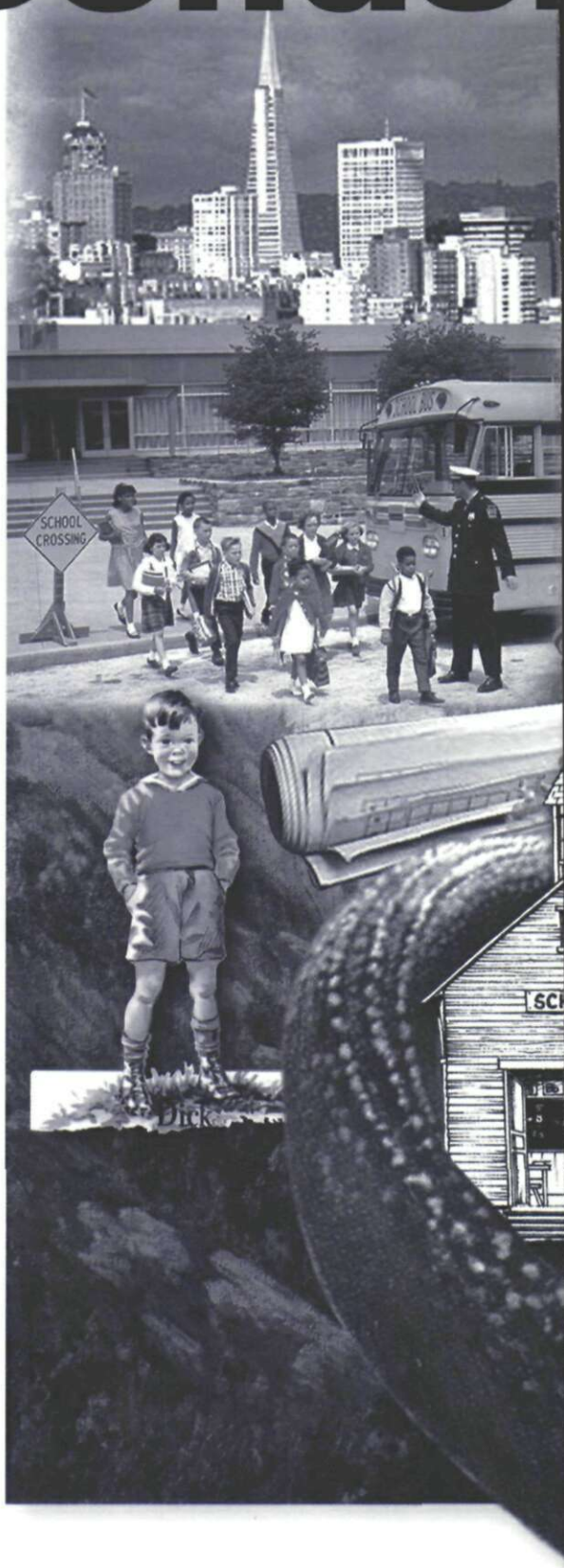
School Bonds:

If this is the Year of Education, how did the California building industry manage to become the 800-pound gorilla that wagged the dog, and brought the Legislature to heel on school construction?



By Cynthia H. Craft and Kathleen Les

In the annals of woeful appeals laid bare on the gray granite steps of the state Capitol, this one — on the face of it, at least — might seem a bit of a stretch. Here were 800 or so developers and home building professionals rallying to protest what they saw as onerous and excessive school financing fees charged by local districts. It was the sort of scene to inspire Leno-like one-liners about poor little rich guys in their tattered Lauren khakis.

But to builders and Sacramento politicians, this was gravely serious business. It was February 25, 1997, the first-ever Home Building Day as proclaimed by Governor Pete Wilson. And it was an occasion for pledges from both then Senate President pro Tempore Bill Lockyer (D-Hayward) and former Assembly Speaker Cruz Bustamante (D-Fresno), who emerged from the Capitol to promise an "expeditious" resolution to the home builders' crisis.

Granted, developers may be among the last souls to strike a chord as distressed and downtrodden — particularly during this up-tick of the economy. Yet, to its credit, the influential California Building Industry Association enticed the governor and Legislature to come to its rescue.

In a remarkable coup that turned conventional wisdom and political alliances topsy-turvy, the home builders scored big time in Sacramento.

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Along the way, the most liberal of Democrats found themselves backing profit-enhancements for developers, and the most loyal of Republicans ended up trying to shift more school costs onto the backs of taxpayers — not to mention asking voters to approve the nation's largest-ever bond measure. On top of it all, state legislators of all stripes found themselves voting to strip cities and counties of their power to veto proposed developments because of overburdened schools. In a showdown of developers versus school boards — and at a time when astute politicians with fingers held to the wind couldn't say enough about bolstering public education — the builders had emerged the clear victor. There was no contest.

They couldn't have managed it without extending a pretty large and juicy carrot to the education community, which is how Proposition 1A, the $9.2 billion school facilities bond measure came to be on the November 3 ballot. By the same token, the builders wielded a pretty formidable stick — in this case, their own proven lobbying clout.

Witness the result when, three times since 1996, the Legislature tried to pass a simple, unfettered school bond proposal, called a "clean bond" for its lack of strings attached. All three times, it failed, running into a brick wall erected by the builders' lobby, which had made a conscious decision to block any school bond bill that failed to incorporate its demands for school fee reforms.

CBIA senior vice president Timothy Coyle says his organization takes credit for the "first-ever defeat of a general obligation bond in the legislature."

"There was an incredible persistence on the part of those who wanted an education bond and the developers who wanted reforms," said Assemblywoman Valerie Brown (D-Sonoma), who noted that the CBIA was ever-present during legislative debates. "All I can tell you is that they were always there."

In the end, Proposition 1A dazzled the education community with its promises of huge sums, but not even its multiple rows of zeroes could eclipse questions critics raise about the deal: How is it that a special-interest group — even one with the undisputed clout of home developers — could hijack an issue of such prominent public concern and determine its destiny? For years now, Californians from Redding to Riverside have heard assurances from statewide elected officials that improving public education — often ranked at the bottom in nationwide studies — is a goal shared by all. Since when did the home builders' lobby — before parents and students, even — become a player in negotiating aspects of education policy?

"Developers are unquestionably one of the major political players in funding election campaigns in the state," said Kevin Gordon of the California School Boards Association. "Undeniably, any major player in election politics can become a player in policy politics."

It didn't hurt, also, that CBIA found an early supporter in fresh-faced Assembly member Antonio Villaraigosa (D-Los Angeles), a California Teachers

Crafting A Legislative Jewel

For Assembly Speaker Antonio Villaraigosa (D-Los Angeles), becoming his house's fourth speaker in as many years — and in this era of term limits — meant having to stamp his mark early and fast.

Consequently, his sponsorship of the mega-school bond proposal became a chance to show some leadership muscle.

Though relatively new to the speakership, Villaraigosa had already been a player in the alternately simmering and raging school bond battles of the last two years. In 1997, he was the first Democrat to lend support to a bill by state Senator Jim Brulte (R-Rancho Cucamonga) to reduce developer school fees. In return he insisted on lowering the voter threshold to make passage of local school bonds easier.

Villaraigosa

It was Villaraigosa that Brulte relied on to rally Democratic votes on the Assembly floor. And it was Villaraigosa who was in the eye of the storm while carving out the "four-cornered deal" — multi-year bond money coupled with a fee cap, majority vote and cost containment — that ultimately failed in the 1997 session's 11th hour.

This year, as he assumed the speakership, Villaraigosa tapped his Assembly counterpart, Minority Leader Bill Leonard (R-San Bernardino) to go to bat for school construction money. Leonard agreed to a multi-year bond for old and new schools but only if accompanied by changes to the developer fee equation. But changing the voter threshold on local bonds was a no-go. "As long as I've been leader, Assembly Republicans have never supported making it easier to raise taxes," said Leonard.

Still, Villaraigosa suffered criticism for not following through on early promises to the education community to stand strong against repealing *Mira* powers. He was accused of failing to throw the full weight of the speakership behind a "clean bond" unencumbered by school fee reforms. And he has been vilified for stepping out to broker a deal with Republicans before talking with his own caucus.

But for many Democrats hailing from urbanized areas where new growth is not a dominant issue — but where retrofitting old schools is — repealing local powers to deny developments was not much of a sticking point.

It was clear that Villaraigosa was determined to place a bond on the ballot, says Assemblywoman Valerie Brown (D-Sonoma), although he did not try to ramrod it. "He allowed for the most input that Assembly members could give," she said.

In the end, says the speaker, getting money to fix and build schools was of overriding importance. The bond and its accompanying new school financing structure, regarded by Villaraigosa as his "crown jewel" accomplishment, are hardly perfect, he concedes, but he makes no apologies.

"I'm proud of this bond. I think at the end of the day it's going to be good for public schools and for kids. We have to work on this majority-vote issue. But this is about as good as it gets."

— By Kathleen Les

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Association advocate, who, in a fortuitous turn of events stemming from a court's affirmation of term limits, then advanced to speaker.

From the builders' perspective, they had already fought, and won, this battle once — back in 1986, when the Legislature adopted a $1.93-a-square-foot limit (in today's dollars) on developer fees for school buildings. But court decisions two years later undid that deal, giving local districts leeway to charge much more if they felt it necessary to provide more classrooms for new residents.

At the heart of the conflict is the question of who should pay for new or expanded schools needed to accommodate California's continued growth. State Department of Finance figures indicate that the number of students attending kindergarten through 12th grade schools statewide will increase by about 300,000 over the next five years. Currently, without even factoring in the possibility of Proposition 1A funds, school districts are awaiting a backlog of nearly $6 billion in requested state funding for new schools and upgrades, according to the Legislative Analyst's office.

Against this backdrop, builders complain, school districts with no other options increasingly turned to developers for as much as 100 percent of the costs for new school construction.

"What happened was that school districts tended to take advantage of the system and charge whatever they decided to charge," leading to "gold-plated schools" in some cases, said Coyle.

The main culprit, and the main fix needed as far as the CBIA was concerned was the court-sanctioned authority of cities and counties to turn down new housing developments on the basis of inadequate school facilities. This right to invoke land-use authority, commonly referred to as *Mira* powers for the first of three court cases *(Mira Development Corporation of San Diego et al v. City of San Diego)* that unleashed them was the cause of unjustly higher fees for developers that reached as much as $9 per square foot, Coyle said.

"These strong-arm tactics represent an abuse of power that ultimately leads to higher housing costs and wasteful spending on new schools," the builders' group said in a news release.

Of course, before the CBIA could succeed in obliterating the *Mira* powers, they would have to put a positive face on what California schools stood to gain in return: Not only the $9.2 billion school bond proposal, but the CBIA's pledge to push for its passage under the auspices of "Californians for Schools" with a $2.5 million campaign.

To be sure, Proposition 1A made a

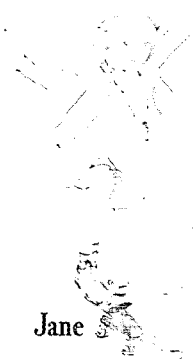
Not All School Districts Crowing About School Bond Deal

The record $6.7 billion bond money earmarked for kindergarten through 12th grade schools has had a dizzying effect on school advocates hungry for dollars for new schools.

But not all districts welcome the trade-off that comes with the promise of an infusion of state dollars to help build schools. The new school-funding formula may well leave districts short of local funds, they say, and hamstrung by stripped-back powers that prohibit municipalities from denying residential developments based on the availability of school facilities.

Many school districts have worked diligently over the years to hammer out school fee agreements that represent compromises on all sides and that ensure enough school space for students in new residential developments.

In the eastern portion of Contra Costa County, for example, the Brentwood Union School District — faced with explosive growth beginning six years ago — brought together 27 local developers to devise a funding formula for new schools. Four of the six schools in the relatively small K-8 school district were built in the last four years to accommodate families in 3,000 new homes now perched on former farmland at the base of Mount Diablo.



Mutual agreement resulted in assessing a flat fee of $5,400 per new home, regardless of square footage, with developers actively enlisted to help design and build cost-effective schools.

"Locally it's been a wonderful partnership," said Doug Adams, Brentwood's school superintendent. "It's working and we're building schools in the fastest-growing community in the state."

The fee amounts to $3-a-square foot on a typical 1,800-square-foot home. Though higher than the current $1.93 fee cap, it was deemed equitable by the school district and developers alike. "It was not only fair, but it appears to work," said Guy Bjerke with the Home Builders Association, a local arm of the BIA.

But with the new school funding formula devised in Sacramento, Adams wonders if his district can stay financially ahead of growth slated to add another 4,000 homes in the next few years.

To complement the developers, fees, the district also passed general obligation bonds in 1991 and 1997. The most recent bond, passed by a generous 77 percent margin, locks in district funding through 2010.

With elementary schools costing $6 million, Adams worries that the new cap on school fees will fail to generate enough money locally to meet the state match requirements — given the district has already committed its local bond money and made a "no-new-taxes" pledge to voters. Upping enrollments at existing schools and bringing in portables may well be the only answers in this new, tighter era.

"Everybody tells us we're doing a good job," said Adams. "Our feeling is if there are problems in other communities, fix them there."

— By Kathleen Les

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handsome ransom indeed, particularly with its billions of dollars earmarked for modernization and repair of schools 25 years and older. Unlike the money fronted for new school construction under terms requiring a 50-50 state-local match, this provision offered 80 percent state funding to a more manageable and modest 20 percent match for local districts and won over many of the deal's key supporters in the Legislature.

"This is the most progressive school bond in the history of California, and I'll tell you why," said Villaraigosa. "Because for the first time, roughly half of the money went to modernization of urban schools."

But lesser-known provisions of the bond legislation reveal an unprecedented package of financial bonuses for developers. Critics point to a windfall of benefits for the home builders:

- Fee caps at $1.93 per square foot, roughly one-third, critics say, of the total cost of school construction.
- Limits fixing developer costs at 50 percent of new schools. Should the state run out of bond funds, which kick in the other 50 percent, the developer can be asked to pay 100 percent of the school's cost but can then turn around to seek reimbursement from the state at a later date.
- Strict conditions for school districts to meet should they seek developer fees for school construction above the $1.93-a-square-foot limit. These include putting at least 30 percent of students on a multi-track year-round schedule and housing at least 20 percent of classes in portable trailers or structures.
- Assurances from the state that school districts will be held to bare-bones, no-frills construction plans, so developers will not have to chip in to help pay for such amenities as libraries and athletic facilities.
- Provisions that allow developers to tap into construction savings should district officials manage to cut their costs beyond what they expected. The prudent district must reserve half of its savings to apply to future developer fees.
- A passel of new home buyer assistance programs to help create a new market of first-time or low-income buyers for builders gearing up for production in the Central Valley in particular.
- Up to $52 million in direct subsidies for developers of apartments for very-low-income renters. Indeed, many of the CBIA's gains were won not only as a result of arguing the hardships developers face — they do, after all, pass these fees onto consumers — but because a case was made for more affordable housing.

Home builders who fear the upper-middle-income market is getting tapped out are eyeing the next big wave of home-ownership, thought to be Latino and Asian families seeking the American dream on a more modest scale. Some planners predict the new buyer-assistance programs, funded with $160 million from the state's general fund, could launch a new generation of suburban building akin to what America saw with the Veterans Administration home loan programs of the 1940s and 1950s.

And although bringing home-ownership within reach of more of California's residents is a goal shared by all the stakeholders in this debate, critics say it should not come at the expense of cities' and counties' ability to

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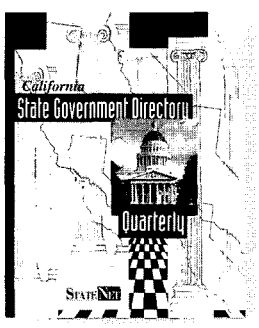

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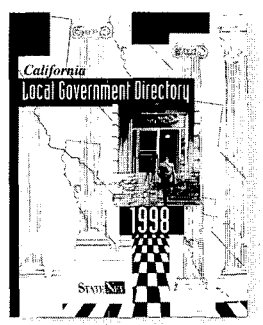

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turn down excessive development.

"This bil represents another step on the slippery slope of state control over local land use authority," wrote the League of California Cities' Daniel Carrigg in an open letter to Assembly members.

For communities such as Modesto, where a flood of new home construction swells enrollment by hundreds each year, existing residents have come to insist that new growth pay for itself.

The Modesto City School District has had to accommodate hundreds of new students each year as Bay Area refugees seek less expensive new homes in the Central Valley. Over the years the district has carefully structured school fee arrangements with developers to meet the growth imposed on schools by city approval of new home developments.

"Houses are selling with this mitigation program in place," said Debbe Bailey, a facilities planner with the school district. If home builders shoulder less financial responsibility for schools, Bailey worries, her community will have to pay more than its fair share of new school costs. "People will continue to pay for those houses, which means there's going to be a windfall for developers."

So how do Sacramento's legislative leaders justify giving up so much ground to developers, enough that some school advocates accused Villaraigosa of "selling us out?"

Villaraigosa, the key architect of bipartisan backing for the massive school bond bill, says that, in his view, home builders earned a rightful role in school-financing talks by virtue of having spent years as a "cash cow" for districts up and down the state.

"We all know they were having to foot the bill for schools and local infrastructure that had nothing to do with new construction and had everything to do with the fact that they were the cash cow," Villaraigosa said. He and others felt an obligation to work with the CBIA, he said, because of a perception that the industry was unfairly burdened due to uneven local taxing policies that "forced strapped local governments to go after local developers."

Indeed, the builders' group cites fees as steep as $20,000 per home, even though its own data shows this has occurred in only a few higher-income markets. Independent studies show only up to 20 percent of the state's approximately 1,000 school districts have relied on their *Mira* powers. State Department of Education estimates show that developers' dollars amount to just 12 percent of all school construction dollars in the last 10 years.

What CBIA's Coyle refers to as "this little fix to *Mira*" has many local governments and school districts seeing red. After years of building productive and trusting relationships with local developers, they wonder how it is that the state's politicians — prodded by a heavyweight lobby — can once again supersede local decision-making where quality-of-life issues are concerned. "It's so frustrating to have people sit in a back room in Sacramento who have no real clue about the building industry and who don't understand the day-to-day real process," lamented Bailey.

Cynthia H. Craft is managing editor and Kathleen Les is associate editor of the California Journal. *Comments about this article can be e-mailed to cindic@statenet.com.*

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Gridlock . . .and beyond

By Sigrid Bathen

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Recognizing its own responsibility for California's transportation crisis – and knowing that commute-harried workers don't function at optimum levels – the state's business community is working with government to confront a massive transportation crisis that threatens to overwhelm the state in a maze of clogged freeways, aging roads and inadequate public transit.

Perhaps nowhere in California has the daily commuting nightmare become more horrific than on the dreaded Interstate 580-680 corridor carrying workers from the burgeoning San Joaquin Valley's still-affordable bedroom communities across the Altamont Pass to the state's powerful high-tech companies in the Silicon Valley of Santa Clara County. A three-hour one-way commute from Stockton to San Jose is not unusual.

And perhaps nowhere has the sometimes adversarial alliance between government and business moved the bureaucratic transportation mountain more quickly. Backed

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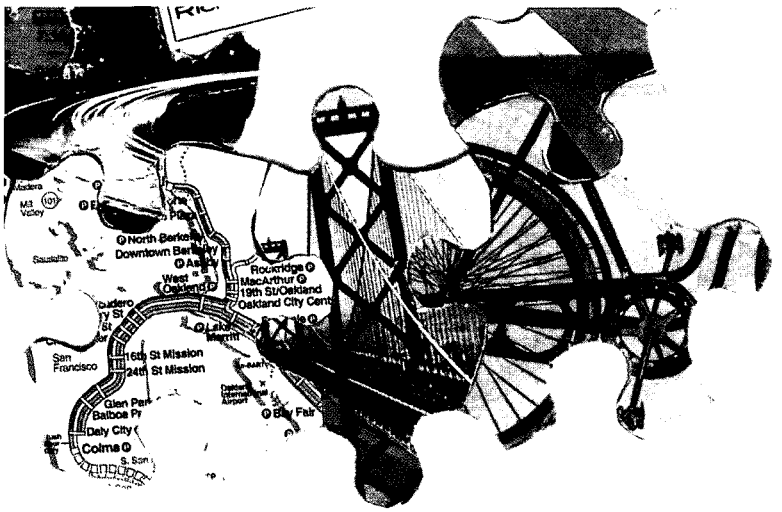
"I expect it will look like trains in India, with people hanging off the roof."

— Mike Evanhoe, director of congestion management for Santa Clara Valley Transportation Authority.



by the highly influential Silicon Valley Manufacturing Group, which represents 130 of the area's largest high-tech employers, the San Joaquin Regional Rail Commission is launching two daily trains between Stockton and San Jose. Equipped with laptop computer hookups and an Espresso bar, the Altamont Commuter Express — or the ACE Train as it is known — leaves Stockton in the morning, its first of nine stops, returning from San Jose in the evening. The commute is reduced by one-third, and workers can work, or even sleep, while they ride. The trains are equipped with work tables and bike racks, with plans for a refreshment-lounge and exercise car.

"We think they'll be sold out the first day," Mike Evanhoe, director of the Congestion Management Program for the Santa Clara Valley Transportation Authority, said in an interview — by cellular phone as he plied the 680 in his car. "I expect it will look like trains in India, with people hanging off the roof — anything to avoid that I-680 corridor."

"We call it cow chips to computer chips," says Carl Guardino, president and CEO of the Silicon Valley business group, of the train's route from the Central Valley to its Silicon Valley destination.

Originally conceived eight years ago, the $73 million project picked up steam about three years ago and involves a three-county partnership (San Joaquin, Santa Clara and Alameda). A third train may be added as early as next year. Additional funding provides for more carpool lanes between Pleasanton and Milpitas, as well as a shuttle service for workers debarking the trains in San Jose and Santa Clara. "I've been in transportation planning for 30 years, and this went like lightning," says Evanhoe, who was the first executive director of the California Transportation Commission in 1978 and is no stranger to the glacial pace of transportation planning. "I was just flabbergasted at how well this came together."

He gives much of the credit for the speed of the project to the Rail Commission and area business leaders. The Silicon Valley business group was instrumental in obtaining passage in Santa Clara County of tax measures to fund transportation projects ranging from bicycle and carpool lanes to light rail in 1984, 1992 and 1996.

"We've done transportation policy for two decades and care about it a lot," says Guardino, a former Hewlett-Packard manager who runs the business group founded two decades ago by David Packard. "Our CEOs see it as an investment, not a tax." Whether the extensive highway and mass transit improvements keep pace with the area's explosive growth remains to be seen. And, clearly, any improvements in the transportation messes of the state's major metropolitan areas must address an underlying cause of the commuter nightmare: the lack of affordable housing closer to work. The Silicon Valley business group is also actively involved in efforts to build more affordable housing, including establishing a housing trust fund to raise $20 million in the next two years for first-time home buyers' assistance, homeless shelters and other housing needs.

At the state level, business leaders and regional planners around the state say major changes in California transportation policy are needed, including recognition by the Legislature and the new governor that coherent statewide planning is sorely lacking. "There is no plan," William Hauck, president of the influential California Business Roundtable , says flatly. "At least with a bad plan, you can change it." Hauck, who also chairs the California State University Board of Trustees, which must address its own set of aging-infrastructure problems, bemoans the lack of planning for the state's future needs, whether they be transportation or education. "We haven't been making the kind of investment we used to make, partly because times were tough, partly because we didn't need to," says Hauck, who also sits on the board of directors of State Net, parent company of the *California Journal*. "But you can't turn an aircraft carrier on a dime. It takes some time. If we're not careful, we're going to lose facilities because we're not taking care of them, and we're not restoring them and building new ones."

Evanhoe says state officials "abdicated [their] transportation responsibilities. That meant if the locals were going to have a viable system, it had to be taken over by the locals," with many counties joining the half-cent sales-tax movement to fund transportation maintenance and improvement. "Thank God for the federal funding," he says. "State funding has been so erratic."

"It's not just an issue of how we slice the pie," says Guardino, "but that we need more pie. All we have to do is look at the numbers." The Silicon Valley group, which does not endorse political figures — "we will dance with whoever is in charge" — nonetheless strongly urges the new governor, whoever he is, to make transportation planning and funding a priority. "We're sorry they haven't spoken a lot about transportation," said Guardino of the governor's race, "and we trust that is not indicative of what they will do in the future. Perhaps they have thought about it when they are caught in traffic and late for a meeting."

In its sweeping report on California's failing infrastruc-

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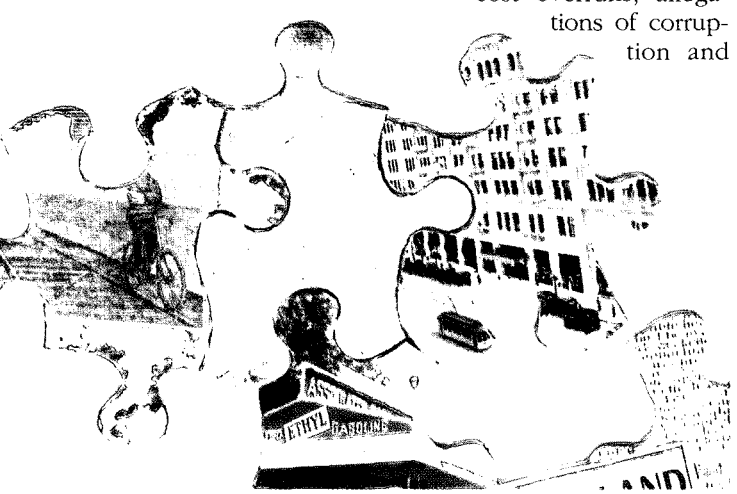
ture — aging schools, roads, universities and other public facilities — the Business Roundtable in August recommended major changes in the funding of capital improvements. Using 1997 state Department of Finance figures, the roundtable warned that the $80 billion estimated as the pricetag for the state's "infrastructure needs" from 1997-2007, was understated by about $10 billion. Even after tapping "all existing funding sources," the state finance experts concluded, the state would be $29 billion. The Roundtable proposes a constitutional amendment to provide a 1/4-cent sales tax allotment — to be used exclusively for infrastructure projects — from existing sales tax revenues, as well as more public-private toll roads, funding for the state's Infrastructure and Economic Development Bank and more "entrepreneurial partnerships for the development of public capital facilities, particularly in transportation."

The report concluded "conservatively" that the costs of necessary capital improvements for transportation "exceed those projected by the Department of Finance by $15 billion to $25 billion over the 10 years." Highway improvements alone comprise a major chunk of the cost. "California's highway capacity has increased by only 7 percent — only 3,250 lane miles — over the past 20 years," the Roundtable said, while the state's population has increased by 50 percent. And, fueled in part by longer commutes, the average annual number of miles driven has also increased, the number of hours "spent in congestion on urban highways" rising by 70 percent between 1987 and 1995, to over 300,000 hours per day.

Like other regional transportation planners, Steve Heminger, manager of legislation and public affairs for the Metropolitan Transportation Commission, the financing agency for nine San Francisco Bay Area counties, sees "some causes for hope, some for worry" on the future transportation scene. "It depends on the resources we can bring to bear," he says. "There is this myth in California of perpetual youth, yet California's highway system is pretty mature, with a 30-40-year design life. What's coming due now is a major rehabilitation effort."

Even parts of California's woefully inadequate mass transit system are in various stages of disrepair. The Bay Area Rapid Transit (BART) system is more than a quarter-century old, with a $1 billion renovation program in the works for new cars and station upgrades. The failings of Los Angeles' Metropolitan Transportation Authority's (MTA) foray into subway construction are legendary, replete with massive cost overruns, allegations of corruption and inequities for bus riders who feel shortchanged in the rush toward expensive rail and subway systems.



Yet there are some bright spots. Sacramento's Regional Transit system has successfully extended a popular and heavily used light-rail system into the region's growing suburbs. BART expects to complete a long-debated and much-needed line to the San Francisco airport by late 2001. Light-rail expansions in San Jose are under way. And car-pooling is improving in some heavily impacted urban regions.

William Fulton, editor of the influential *California Planning and Development Report*, is cautious in assessing business commitment to easing California's transportation crisis. "I think they [employers] are concerned about it," he says, "but they don't do anything unless forced to by regulation. They were forced by air-quality regulations to encourage car-pooling, and many met [the requirements] by going to four-day workweeks, moving start times out of the peak hour. But when the recession came there was a real rebellion by employers, especially in L.A."

Instead of significant improvements in mass transit, Fulton says, "jobs are decentralizing....Jobs are all over the place, and the whole commute pattern is based on the car."

Fulton says freeways in L.A. and the San Francisco Bay Area are "permanently congested, and they will never get any better." In smaller communities like Sacramento, he adds, "you see people thinking and biting their nails," with little substantive planning. "You can still drive from Stanford Ranch (a suburban community about 25 miles out) to Sacramento. By the time it is too much trouble, it will be too late."

Suburban business centers have become so entrenched in many communities that transportation planners must increasingly deal with a "reverse commute" to the suburbs. In the greater Bay Area, Highway 24 and I-680, originally designed to take commuters from Contra Costa County into San Francisco, are now being "re-designed" at huge expense for the reverse. In the suburbs of Sacramento and Placer counties, major high-tech companies locating in outlying areas are spurring a new round of roadway upgrades to accommodate business, such as the sweeping new Highway 50 on- and off-ramps built in Folsom to help Intel's 5,000-employee workforce get to and from the company plant.

When Hewlett-Packard opened a major manufacturing and engineering complex in Roseville in 1979 some 20 miles from Sacramento, it did so in part because of access to transportation systems and proximity to two airports, Sacramento International and Lincoln Airport. The company operates an internal mini-airline, shuttling employees between Roseville and San Jose every workday.

In Southern California, particularly in Orange County, long commutes from throughout the region are commonplace.

"Orange County is a city," says Fulton. "It's gone from suburban to urban. The way this pattern occurs is first there are houses and shopping, then jobs." Then, of course, congestion follows — as do the transportation challenges for businesses.

Sigrid Bathen is senior editor of the California Journal. CJ *research assistant Melissa Mikesell contributed to this article. Comments about this article can be e-mailed to sigridb@statenet.com.*

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Washington Notes

perspective

By Dana Wilkie

Bordering on Road Rage

Some mornings, it takes Lauree Sahba an effortless 15 minutes to drive the seven miles of Otay Mesa Road that wind from a major San Diego freeway to Sahba's office on the U.S.-Mexico border.

That's on a good day.

Then there are the bad days.

On the morning of September 15, after a rig swerved into traffic and killed a 41-year-old man in a sedan, it took Sahba two hours and ten minutes. Some drivers made U-turns and gave up on work that day. Sahba put her Ford Explorer in four-wheel drive and made her way to the Otay Mesa Chamber of Commerce through a tomato field.

That Tuesday was an especially rotten one. Five and a half hours later on the same road, a 68-year-old man in a station wagon died after slamming into the back of a Chevrolet Blazer with such force the Blazer flipped over. Half the men and women on their way to a chamber board meeting called from the traffic jam, offered Sahba their apologies, and turned around.

Welcome to the four-lane city street that is an international byway. Choked, smoggy and the arguable culprit in frequent accidents and injuries, Otay Mesa Road was never intended to serve one of the busiest commercial ports in the nation. But after Congress in 1994 implemented the North American Free Trade Agreement, the road became something of a poster child for those in Congress who insisted a new highway funding bill help pay for routes serving the nation's borders.

Someday, Otay Mesa Road will be replaced by a six-lane highway called state Route 905. Convincing Congress to help pay for this and other trade-trampled routes took years of prodding from states bordering Mexico and Canada. When President Clinton this year signed a bill dividing America's gas taxes to build and maintain America's roads, it included for the first time money to help states like California accommodate traffic made overwhelming by NAFTA.

Now there's a new battle: Convincing the U.S. Department of Transportation that California deserves a healthy share of the $700 million the department will dish out for border roads in the next six years.

Border states from California to Michigan will have to compete for the new money with interior states whose roads are used to transport goods from international ports and borders through the country.

This rankles people like Sahba, the chamber's executive director, who visited Congress three times to lobby for the new money. She convinced Senator Barbara Boxer to drive Otay Mesa Road so the California Democrat could see what it's like to be stuck in one of 44,000 vehicles — almost one in five are trucks — that use the road every day.

The street was never designed for such abuse: A stream of stop lights slows traffic, as does a lack of turn lanes or turn signals. Motorists swerve dangerously to avoid potholes, or make quick lane changes to pass trucks. The accident rate here is five times the statewide average; the death rate is twice the average. One fender-bender means a truckload of American-made parts could take many hours getting to a Tijuana *maquiladora.*

Boxer returned to Washington and made sure the new money was in the transportation bill. Leaders in other border states tugged their own lawmakers to see comparable conditions — to view the roads serving the El Paso-Ciudad Juarez border, for instance, or the worn streets around the bridge connecting Detroit to Canada.

These leaders privately gripe that lawmakers representing interior states were late to the border-money fight, using faulty arguments that their corridors were as worn by trade as those like Otay Mesa Road.

The Department of Transportation may decide before winter how to divide the new money. It may require states to demonstrate just how badly their roads are worn. Or it could apportion the money based on a region's population, miles of freeway and tons of freight that travel along the roads.

As far as Sahba is concerned, it was the federal government that built the Otay Mesa border entry in the mid-1980s — with no provision for expanding the single, tight route leading to and from Mexico. It is the federal government, she says, that should make the building of state Route 905 a priority.

"When there's a truck that jackknifes or a bad car accident, we're trapped," says Sahba. "And that's because the federal government put a port of entry in the middle of a field."

Dana Wilke is Washington correspondent for the San Diego Union-Tribune. *Comments on this column may be e-mailed c/o editor@statenet.com.*

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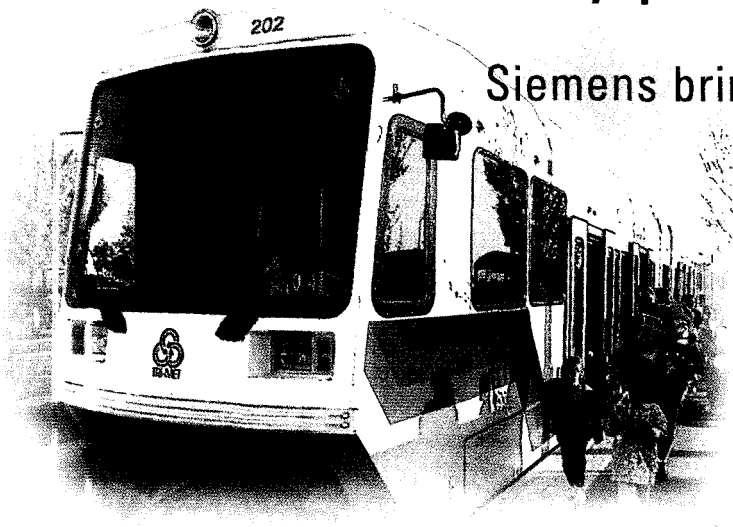
SIEMENS

What if you linked the suburbs and everybody came and went as they pleased?



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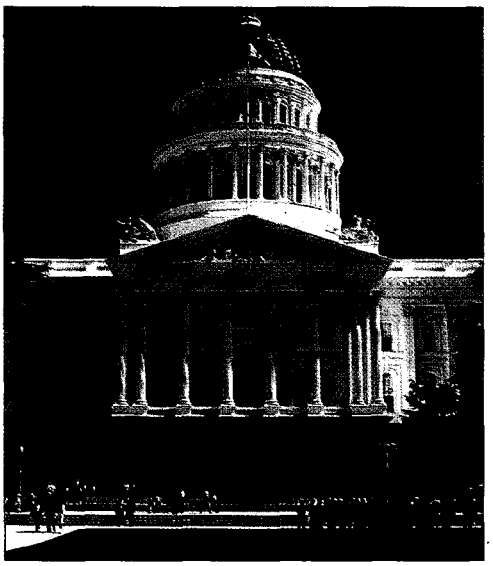
HOW ARCO LED THE EFFORT TO MEET CALIFORNIA'S CLEAN AIR STANDARDS.

ARCO

Back in the late 80's the California state government agencies had a pretty good idea what they wanted to do to reduce air pollution: ban the use of gasoline in favor of alternative fuels and enact the toughest pollution standards the world had ever seen. But they hesitated, because no one was really sure if alternative fuels would work or what the cost might be. Meanwhile, ARCO was hard at work on a new kind of gasoline called EC-1, the world's lowest emission gasoline ever.

Arco's new formula showed how to reduce pollution from gasoline, while maintaining its performance.

EC-1 was so effective at reducing pollution, especially with pre-catalytic cars, it actually removed 100 million pounds of pollutants from the skies of California the first year it was in use.



March, 1996: California enacted the toughest emission standards in the world. Partly because ARCO's reformulated gasoline proved they were possible.

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According to independent scientists, the air is the cleanest it's been in decades. In 1977, the South Coast Basin had 121 Stage I Smog Alerts. In 1997, they were reduced to only one.

Of course, there's a long way to go before we reach our clean air goals. In 1996, despite the 57% reduction in days exceeding the federal clean air standards for ozone, the South Coast Basin still experienced 90 days over the federal standard.

121 Stage I Smog Alerts.	*1 Stage I Smog Alert.*
208 days over federal ozone standard.	*90* days over federal ozone standard.*

Source: South Coast AQMD. *For 1996

But ARCO and other oil companies have proven that they can work together with the state, local air districts, auto manufacturers, environmentalists and other stakeholders to achieve the toughest air quality standards in the world.

Another reformulation that ARCO helped make happen.

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Californians For Clean Air Progress

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